



Kitex Childrenswear Limited

(CIN:U18101KL1991PLC006048)

Regd Office: Building No. 494, Kizhakkambalam,
Vilangu P.O, Aluva, Ernakulam - 683561, Kerala

Phone: 91 484 2585000, Fax:91 484 2680604

Email: sect@kitexchildrenswear.com

Website: www.kitexchildrenswear.com

NOTICE TO UNSECURED CREDITORS

NOTICE OF MEETING OF THE UNSECURED CREDITORS OF KITEX CHILDRENSWEAR LIMITED, CONVENED PURSUANT TO THE ORDER DATED JANUARY 22, 2026 OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, KOCHI BENCH

Day, Date and Time	:	Friday, July 24, 2026 at 3.30 P.M (IST)
Cut-off date for determining eligibility for e-voting	:	Tuesday, March 31, 2026
Remote e-voting start date and time	:	Monday, July 20, 2026 at 9.00 A.M
Remote e-voting end date and time	:	Thursday, July 23, 2026 at 5.00 P.M
Mode of Meeting	:	The Meeting shall be conducted through Video Conferencing/ Other Audio Visual Means

The shareholding pattern of the Promoter/Promoter Group and public shareholders in the Resulting Company before and after implementation of the Scheme is depicted as under;

Category	Pre-Scheme Shareholding (%)	Post-Scheme Shareholding (%)	Change (%)
Promoter / Promoter Group	56.66	70.35	13.69
Public Shareholders	43.34	29.65	-13.69

The creditors may note that implementation of Scheme shall result in increase in the shareholding of Promoter/Promoter Group from 56.66% to 70.35%. The increase in the shareholding of the Promoter and Promoter Group is a consequence of the issuance of equity shares pursuant to the Scheme of Arrangement. Such issuance is undertaken in accordance with applicable law and results in an increase in the total number of equity shares of the Company, with shares being allotted to the Promoter / Promoter Group in consideration of the transfer of textile business undertakings under the Scheme. Consequently, the percentage shareholding of the public shareholders reduces from 43.35% prior to the Scheme to approximately 29.65% post implementation of the Scheme. However, the rights of the public shareholders, including voting rights, dividend entitlements, and transferability of shares, remain unchanged and are not adversely affected by the Scheme. The Scheme is expected to result in consolidation of businesses, operational synergies, and improved scale and efficiency, which, in the Board's view, is expected to enhance the overall value of the Company. Accordingly, while there is a reduction in the percentage shareholding of public shareholders, the Board believes that the Scheme is value accretive and is expected to positively impact the long-term value of their investment in the Company. Creditors may also note that approval of the shareholders to the scheme of arrangement would also result in to them agreeing to increase shareholding of promoters on implementation of the Scheme. Therefore, creditors should read all the Scheme related documents before exercising their voting rights.

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The notice of the Meeting, explanatory statement, and Annexures 1 to 20 constitute a single and complete set of documents and should be read in conjunction with each other, as they form an integral whole.

Unless specifically defined herein, capitalised terms and abbreviations used herein shall have the same meaning as ascribed to them in the Scheme.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL KOCHI BENCH
AT KOCHI
IN THE MATTER OF THE COMPANIES ACT, 2013
AND
IN THE MATTER OF SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013 AND
OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 READ WITH THE
COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES,
2016
AND
IN THE MATTER OF KITEX CHILDRENSWEAR LIMITED
AND KITEX GARMENTS LIMITED
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN KITEX
CHILDRENSWEAR LIMITED AND KITEX GARMENTS LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
CA (CAA) NO. 01/KOB/ 2026**

KITEX CHILDRENSWEAR LIMITED

Building No. 494, Kizhakkambalam,
Vilangu P.O, Aluva, Ernakulam ,
Kerala, India, 683561

... APPLICANT COMPANY NO. 1 / DEMERGED COMPANY

FORM NO. CAA-2

**NOTICE CONVENING THE MEETING OF UNSECURED CREDITORS OF KITEX
CHILDRENSWEAR LIMITED, THE DEMERGED COMPANY, PURSUANT TO THE
ORDER DATED JANUARY 22, 2026, PASSED BY THE HON'BLE NATIONAL COMPANY
LAW TRIBUNAL, KOCHI BENCH**

To,

The Unsecured Creditors of Kitex Childrenswear Limited

1. Notice is hereby given that, pursuant to an order dated January 22, 2026 passed by the Kochi Bench of the Hon'ble National Company Law Tribunal ("NCLT")("Order"), a meeting of Unsecured Creditors of Kitex Childrenswear Limited (herein after mentioned as the "**Company**" or "**Applicant Company No. 1/ Demerged Company**") directed to be convened and held on **Friday, July 24, 2026 at 3.30 P.M** (IST) ("Tribunal Convened Meeting" or "Meeting"), through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement between Kitex Childrenswear Limited and Kitex Garments Limited and their respective shareholders and creditors ("Scheme"), under the provisions of Sections 230 to 232 of the Companies Act, 2013 ("Act"). The deemed venue for the Meeting shall be the registered office of the Resulting Company at Building No. 494, Kizhakkambalam, Vilangu P.O., Aluva, Ernakulam, Kunnathunad, Kerala, India, 683561.
2. The Unsecured Creditors are requested to consider, and if thought fit, to pass with requisite majority the following resolution:

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and any other applicable provisions of the Companies Act, 2013, and the rules, regulations, circulars, and notifications

issued thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), including the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, issued by the Securities and Exchange Board of India (“SEBI”), as amended from time to time (“SEBI Scheme Circular”), and applicable listing regulations and any other circulars/guidelines issued by SEBI applicable to schemes of arrangement from time to time, and the relevant provisions of other applicable laws, the Observation Letter issued by BSE Limited dated 04th December 2025 and National Stock Exchange of India Limited dated 05th December 2025, the provisions of the Memorandum of Association and Articles of Association of Kitex Childrenswear Limited (“Company”), and subject to the approval of the Kochi Bench of the Hon’ble National Company Law Tribunal (“NCLT”) and the approvals of any other relevant statutory or regulatory authorities as may be required, and subject to such conditions and modifications as may be prescribed or imposed by the Kochi Bench of the NCLT or by any statutory or regulatory authorities while granting such consents, approvals, and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to mean and include one or more committee(s) constituted/to be constituted by the Board or any other person authorized by it to exercise its powers, including the powers conferred by this resolution), the proposed Scheme of Arrangement between Kitex Childrenswear Limited and Kitex Garments Limited and their respective shareholders and creditors (“Scheme”), be and is hereby approved.

RESOLVED FURTHER THAT Mr. Sabu M Jacob, Director and Mr. Thomas Cherian, Whole-Time Director be and are hereby severally authorized to do all such acts, deeds, matters, and things as they may, in their absolute discretion, deem requisite, desirable, appropriate, or necessary to give effect to this resolution and effectively implement the arrangement/demerger embodied in the Scheme, and to accept such modifications, amendments, limitations, and/or conditions, if any, which may be required and/or imposed by the Hon’ble National Company Law Tribunal, Kochi Bench, or such other regulatory/statutory authorities, while sanctioning the Scheme, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, or to approve withdrawal (and, where applicable, re-filing) of the Scheme at any stage for any reason, including in case any changes and/or modifications are suggested/required to be made in the Scheme or any condition suggested, required, or imposed, whether by SEBI, the Kochi Bench of the NCLT, and/or any other authority, which are, in their view, not acceptable to the Company, and/or if the Scheme cannot be implemented otherwise, and to do all such acts, deeds, and things as they may deem necessary and desirable in connection therewith and incidental thereto.”

3. Copy of the Order is attached as **Annexure – 1**.
4. Pursuant to the Order, the Kochi Bench of the NCLT has directed that the Meeting be held in compliance with the provisions of the Act and the rules made thereunder, read with the applicable general circulars issued by the Ministry of Corporate Affairs, Government of India, from time to time, in relation to conducting meetings of unsecured creditors through VC/OAVM with a facility for e-voting and the Secretarial Standard on General Meetings, i.e., SS-2, issued by the Institute of Company Secretaries of India, each as amended and restated from time to time.
5. The Scheme, if approved by the Unsecured Creditors of the Company, as mentioned under Section 230(6) of the Act read with the relevant rules thereunder, the Listing Regulations, the SEBI Scheme Circular and other applicable circulars issued by the SEBI, if any, will be subject to subsequent approval of the Kochi Bench of the NCLT and such other approvals, permissions and sanctions from any other regulatory or statutory authority(ies), as may be deemed necessary.

6. The Company has engaged the services of Central Depository Services (India) Limited (“CDSL”) for the purpose of providing the facility of remote e-voting prior to the Meeting and e-voting during the Meeting. The Unsecured Creditors may refer to the ‘Notes’ to this notice for further details on remote e-voting prior to the Meeting and e-voting at the Meeting.
7. The Kochi Bench of the NCLT has appointed Mr. Kuldip Kumar Kareer (former Judicial Member NCLT), to be the Chairman for the Meeting and Mr. Rajmohan R, Practicing Chartered Accountant, to be the Scrutinizer to scrutinize the remote e-voting process before the Meeting as well as e-voting during the Meeting, and to oversee the entire e-voting process in a fair and transparent manner.
8. The Unsecured Creditors shall have the facility and option of voting on the resolution for approval of the Scheme by casting their votes (a) through e-voting available at the Meeting to be held through VC / OAVM; or (b) through remote e-voting during the period commencing as stated below:

REMOTE E-VOTING	
Commencement of remote e-voting	Monday, July 20, 2026 at 9.00 A.M (IST)
Conclusion of remote e-voting	Thursday, July 23, 2026 at 5.00 P.M (IST)

9. Only those unsecured creditors whose names appear in the records of the Company and in the Chartered Accountant’s certificate certifying the list of unsecured creditors of the Company as on the cut-off date, ie, **Tuesday, March 31, 2026 (“Cut-off Date”)**, shall be entitled to cast their vote by remote e-voting before the Meeting, attend and vote at the Meeting in respect of the resolution proposed in this Notice. Any person who is not an unsecured creditor of the Company as on the Cut-off Date should treat this Notice for information purposes only.
10. Once the vote on a resolution is cast by the Unsecured Creditors, the Unsecured Creditors shall not be allowed to change it subsequently. The voting rights of the unsecured creditors shall be in proportion to their debt due by the Company as on the Cut-off Date.
11. The explanatory statement under Sections 102, 230 to 232 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with a copy of the Scheme and other Annexures to the Notice are enclosed herewith. A copy of this Notice, Explanatory Statement and Annexures to the Notice are also available on the following:
 - a) website of the Company at <https://www.kitexgarments.com/>;
 - b) website of CDSL at <https://www.evotingindia.com/>; and
 - c) websites of the stock exchanges where the equity shares of the Company are listed at www.bseindia.com & www.nseindia.com

The Unsecured Creditors desirous of obtaining physical copies of the said Notice, the Explanatory Statement and Annexures to the Notice and Explanatory Statement, free of charge, may send a request mentioning the name of the creditor at sect@kitexchildrenswear.com. Copies of such documents can be obtained between 10:00 A.M. and 4:00 P.M. (IST) on any day (except Saturday, Sunday, and public holidays) up to one day prior to the date of the Meeting from the registered office of the Company. Alternatively, a request for obtaining an electronic or soft copy of the Notice may be made by sending an email along with the name of the creditor to the Company at sect@kitexchildrenswear.com

Sd/-

Mr. Thomas Cherian

DIN: 02160432

(Whole-Time Director of Kitex Childrenswear Limited)

Place: Kochi

Date: 10.06.2026

Registered Office:

Kitex Childrenswear Limited

Building No. 494, Kizhakkambalam,

Vilangu P.O, Aluva, Ernakulam ,

Kerala, India, 683561

Notes:

1. Pursuant to the Order, the Meeting of the Unsecured Creditors of the Company is being conducted through VC/ OAVM facility to transact the business set out in the Notice convening this Meeting. The Meeting will be conducted in compliance with the provisions of the Act, applicable rules thereunder, SS-2 and in compliance with the applicable circulars issued by the Ministry of Corporate Affairs. Accordingly, the Meeting of the Unsecured Creditors of the Company will be convened on Friday, July 24, 2026 at 3.30 P.M (IST), through VC / OAVM for the purpose of considering, and if thought fit, approving, the Scheme.
2. Pursuant to the Order, the Meeting is being convened through VC/OAVM and the requirement of physical attendance of Unsecured Creditors has been dispensed with. In view of this, the facility for appointment of proxies by the Unsecured Creditors under Section 105 of the Act is not available for the Meeting and hence, the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
3. Information in relation to accessing the Notice of the Meeting: In compliance with the Orders and the applicable circulars issued by the Ministry of Corporate Affairs, the Notice of this Meeting, together with accompanying documents mentioned in the Index, is being sent through electronic mode to those Unsecured Creditors of the Company whose e-mail addresses are registered with the Company and by registered post or speed post, or courier to the unsecured creditors whose email addresses are not registered with the Company.
4. In terms of the directions contained in the Orders, the Notice convening the Meeting is also being published by the Company through advertisement in the "The Hindu Business Line" in the English language and in Mathrubhumi in the Malayalam language both having circulation in Kochi , India, indicating the day, date and time of the Meeting.
5. Unsecured Creditors may join the Meeting through VC/OAVM facility by following the procedure as mentioned below, and the VC/OAVM facility shall be kept open for the Unsecured Creditors from 15 minutes before the time scheduled to start the meeting. The joining link shall be kept open throughout the proceedings of the Meeting. The Unsecured Creditors will be able to view the proceedings on the CDSL e-voting website at <https://www.evotingindia.com/>.
6. The authorized representative of corporate creditors appointed in pursuance of Section 113 of the Act, may attend the Meeting provided that a certified true copy of the resolution of the board of directors authorizing such representative to attend and vote at the Meeting shall be emailed to the

Scrutinizer at rajmohanip@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com and sect@kitexchildrenswear.com not later than 48 hours before the scheduled time of the commencement of the Meeting.

7. Quorum of the Meeting: Unsecured Creditors attending the Meeting through VC/OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act and as per the terms of the Orders. Further, in case the quorum, as noted above for the Meeting, is not present at the commencement of the Meeting, the meeting shall stand adjourned to the same day in the next week at the same time and place. If at the adjourned meeting also, a quorum is not present within half-an-hour from the time appointed for holding meeting, the creditors present shall be the quorum.
8. Unsecured Creditors will be provided with the facility for voting through an electronic voting system during the video conferencing proceedings at the Meeting and Unsecured Creditors participating at the Meeting, who have not already cast their vote by remote e-voting, will be eligible to exercise their right to vote during such proceedings of the Meeting. Unsecured Creditors who have cast their vote by remote e-voting prior to the Meeting will also be eligible to participate at the Meeting but shall not be entitled to cast their vote again on the resolution for which the member has already cast the vote through remote e-voting.
9. The Chairman shall, at the Meeting, at the end of the discussion on the resolution on which voting is to be held, allow voting through the e-voting system for all those Unsecured Creditors who are present during the Meeting through VC/OAVM but have not cast their votes by availing the remote e-voting facility. The e-voting module during the Meeting shall be disabled by CDSL 15 minutes after the conclusion of the Meeting.
10. The Chairman shall submit the result of the voting to the Company and to the Kochi Bench of the NCLT. The results of the meeting along with the report from the Scrutinizer shall be communicated to the BSE and NSE, where the shares of the Company are listed, and will also be displayed on the website of the Company at <https://www.kitexgarments.com/> and the website of CDSL at <https://www.evotingindia.com/>
11. **THE INSTRUCTIONS FOR UNSECURED CREDITORS FOR REMOTE E-VOTING, VOTING DURING THE MEETING AND JOINING THE MEETING ARE AS UNDER:**
 - I. **INSTRUCTIONS FOR REMOTE E-VOTING TO UNSECURED CREDITORS ARE AS UNDER:-**
 - (i) The remote e-voting period begins on and from Monday, July 20, 2026 at 09:00 a.m. (IST) and ending on Thursday, July 23, 2026 at 05.00 p.m. (IST) (both days inclusive). The remote e-voting module shall be disabled thereafter.
 - (ii) The Creditors shall log on to the e-voting website of CDSL www.evotingindia.com during the voting period.
 - (iii) Click on 'Shareholders / Members' tab.
 - (iv) Enter your User ID (which would be sent to the respective Unsecured Creditors via email or by post)
 - (v) Next enter the Image Verification / Captcha as displayed on the screen and click on Login.
 - (vi) Enter your Password (which would be sent to the respective Unsecured Creditors via email or by post)
 - (vii) After entering these details correctly, click on the "SUBMIT" tab
 - (viii) Select the EVSN of "Kitex Childrenswear Limited" on which you choose to vote.

- (ix) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES / NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (x) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire resolution details.
- (xi) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take out a print of the vote cast by you by clicking on “Click here to print” option on the voting page.

Please take note of the Sl. No. and Folio. No. printed on the address label stuck on the envelope / email for your e-voting and attending the virtual meeting purposes.

II. INSTRUCTIONS FOR UNSECURED CREDITORS ATTENDING THE MEETING THROUGH VC/OAVM ARE AS UNDER:

- (i) Unsecured Creditors will be provided with the facility to attend the Meeting through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under ‘Shareholders / Members’ login by using the remote e-voting credentials.
- (ii) The procedure for attending meeting & e-Voting on the day of the meeting is same as the instructions mentioned above for e-voting.
- (iii) The link for VC/OAVM will be available after successful login where the EVSN of the Company will be displayed after successful login.
- (iv) Unsecured Creditors are encouraged to join the Meeting through Laptops / Ipads for better experience.
- (v) Further unsecured creditors will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
- (vi) Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (vii) Unsecured Creditors who would like to express their views/ask questions during the Meeting may register themselves as a speaker by sending their request in advance at least seven days prior to Meeting mentioning their name, address, PAN, email id, mobile number at sect@kitexgarments.com. The shareholders who do not wish to speak during the Meeting but have queries may send their queries in advance seven days prior to Meeting mentioning their name, address, PAN, email id, mobile number at sect@kitexgarments.com. These queries will be replied to by the company suitably by email.
- (viii) Those unsecured creditors who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.

III. INSTRUCTIONS FOR UNSECURED CREDITORS FOR E-VOTING DURING THE MEETING ARE AS UNDER: -

- (i) The procedure for e-Voting on the day of the Meeting is the same as the instructions mentioned above for remote e-voting.
- (ii) Only those Unsecured Creditors, who are present in the Meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the Meeting.
- (iii) If any votes are cast by the Unsecured Creditors through the e-voting facility available during the Meeting and if the same Unsecured Creditors have not participated in the Meeting through VC/OAVM facility, then the votes cast by such Unsecured Creditors shall be considered invalid as the facility of e-voting during the Meeting is available only to the Unsecured Creditors attending the Meeting.
- (iv) Unsecured Creditors who have voted through remote e-Voting will be eligible to attend the Meeting. However, they will not be eligible to vote at the Meeting.

All grievances connected with the facility for voting by electronic means or attending the meeting may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited (CDSL), A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no at 1800 21 09911.

KEY INFORMATION AT A GLANCE

S. No	Particulars	Details
1.	Day, Date and Time of the Meeting	Friday, July 24, 2026 at 3.30 P.M (IST)
2.	Mode of the Meeting	VC/ OAVM
3.	Link to participate in the Meeting through VC/ OAVM	www.evotingindia.com
4.	Contact details of CDSL for assistance before or during the Meeting	Email: helpdesk.evoting@cdslindia.com Contact Number: 1800 21 09911
5.	Cut-off date for determining eligibility for remote e-voting	Tuesday, March 31, 2026
6..	Remote e-voting start date and time	Monday, July 20, 2026 at 9.00 A.M (IST)
7.	Remote e-voting end date and time	Thursday, July 23, 2026 at 5.00 P.M (IST)
8.	Registration as speaker unsecured creditor	Friday, July 17, 2026
9.	Name, address and contact details of Registrar and Transfer Agent	M/s. Cameo Corporate Services Limited Subramanian Building, No. 1, Club House Road, Chennai – 600002 Tamil Nadu, India Contact Person: Ms. Rani Kannan Designation: Executive Contact No: 044 - 40020700

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL KOCHI BENCH
AT KOCHI
IN THE MATTER OF THE COMPANIES ACT, 2013
AND
IN THE MATTER OF SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013 AND
OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 READ WITH THE
COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES,
2016
AND
IN THE MATTER OF KITEX CHILDRENSWEAR LIMITED
AND KITEX GARMENTS LIMITED
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN KITEX
CHILDRENSWEAR LIMITED AND KITEX GARMENTS LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
CA (CAA) NO. 01 /KOB/ 2026**

KITEX CHILDRENSWEAR LIMITED

Building No. 494, Kizhakkambalam,
Vilangu P.O, Aluva, Ernakulam ,
Kerala, India, 683561

... **APPLICANT COMPANY NO. 1 / DEMERGED COMPANY**

**EXPLANATORY STATEMENT TO THE NOTICE CONVENING THE MEETING OF
UNSECURED CREDITORS OF KITEX CHILDRENSWEAR LIMITED**

1. This is a statement accompanying the Notice convening the Meeting of Unsecured Creditors of the Company, pursuant to the Order of the Hon'ble NCLT, Kochi Bench, to be held on Friday, July 24, 2026, at 3:30 P.M (IST) through VC/ OAVM means, for the purpose of considering, and if thought fit, approving, with or without modification, of the Scheme of Arrangement between Kitex Childrenswear Limited and Kitex Garments Limited and their respective shareholders and creditors. Copy of the Scheme is attached as **Annexure-2**
2. In this statement, Kitex Childrenswear Limited is hereinafter referred to as "KCL" or the "Demerged Company" and Kitex Garments Limited is hereinafter referred to as "KGL" or the "Resulting Company". The other definitions contained in the Scheme shall also apply to this statement under Section 230(3) of the Act, read with Section 102 of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
3. The draft Scheme was approved by the Audit Committee of the Resulting Company on February 14, 2025. Based on the recommendations of the Audit Committee and its own evaluation, the Board of Directors of the Resulting Company, at its meeting held on February 14, 2025, concluded that the Scheme is in the best interests of the Company, its shareholders and other stakeholders. A copy of the Audit Committee report is attached as **Annexure-3**. The Board of Directors of the Demerged Company and the Resulting Company have unanimously approved the Scheme at their respective meetings on February 14, 2025. Copies of the said board resolutions of the Demerged Company and the Resulting Company are attached as **Annexure-4** and **Annexure-5**, respectively.
4. Pursuant to Section 232(2)(c) of the Act, copies of the reports adopted by the directors of the Demerged Company and the Resulting Company explaining the effect of the arrangement in the Scheme on shareholders, key managerial personnel, promoters, and non-promoter shareholders, and laying out in particular the share exchange ratio, are attached as **Annexure-6** and **Annexure-7**, respectively.

5. The Scheme was subsequently filed with the BSE on March 07, 2025, for obtaining Observation Letter (“NOC”). The Company has duly responded to the queries raised by BSE from time to time. The NOC from BSE was received on December 04, 2025, wherein no adverse observations or objections were raised, and no modifications to the Scheme were suggested.
6. The Scheme was subsequently filed with the NSE on March 07, 2025, for obtaining Observation Letter (“NOC”). The Company has duly responded to the queries raised by NSE from time to time. The NOC from NSE was received on December 05, 2025, wherein no adverse observations or objections were raised, and no modifications to the Scheme were suggested.
7. The Company has, as of now, complied with all comments stipulated in the Observation Letter relevant for filing the first motion application and has filed the same with the National Company Law Tribunal, Kochi Bench, on December 23, 2025.
8. The Scheme provides for the demerger of the Demerged Undertaking, the Textile Business Division of the Demerged Company engaged in manufacturing, selling, exporting etc, of children’s garments and apparels and related services, activities and operations, as a going concern.
9. The Scheme would, inter-alia, have the following benefits as mentioned in the Scheme:
 - (i) The demerger would facilitate focused growth, operational efficiencies, business synergies and increased customer focus in relation to the Textile Business Division
 - (ii) Each business would be able to address independent business opportunities, pursue efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders.
 - (iii) Combining similar business activities under a single entity shall optimize business operations, achieve economies of scale, create operational efficiency, common pool of production and better utilisation of resources
 - (iv) facilitating the pursuit of scale and independent growth plans (organically and inorganically) with more focused management, flexibility and liquidity for the shareholders;
 - (v) insulating and de-risking the businesses from one another;
 - (vi) unlocking value for the over-all business portfolio through better price discovery of individual platforms. Consequently, the proposed restructuring is expected to open-up windows to unlock value through potential divestments and acquisitions to achieve the scale of business in respective subsidiaries as well;
 - (vii) providing scope for mitigation of overlapping services and enhancing the focus on independent business growth strategies and expansion for each of the business undertakings.

Details of the Demerged Company

10. Demerged Company is an unlisted public limited company incorporated under Companies Act, 1956 with the name ‘Kitex Exports Limited’ on April 26, 1991. Later the name of the company has been changed to ‘Kitex Childrenswear Limited’ with effect from March 30, 2005. The Corporate Identity Number (CIN) is U18101KL1991PLC006048 and PAN AABCK3905C. The Demerged

Company is primarily engaged in the apparel business specialized in premium infantswear and childrenswear. The registered office of the Demerged Company is at Building No. 494, Kizhakkambalam, Vilangu P.O., Aluva, Ernakulam, Kunnathunad, Kerala, India, 683561. The e-mail address of the Company is sect@kitexchildrenswear.com

11. The main objects of the Demerged Company as set out in its Memorandum of Association are, *inter alia*, as follows:

1. *To carry on the business of manufacturers, dealers, purchasers, sellers, importers, and exporters of textile items such as yarn, fabrics, garments, wearing apparels, made from natural or synthetic fibers or from blends of both*

12. Details of change of name, registered office and objects of the Demerged Company during the last five years:

- (i) Change of name: There has been no change of name in the last 5 (Five) years;
- (ii) Change of registered office: The registered office of the Company has changed to Building No. 494, Kizhakkambalam, Vilangu P.O, Aluva, Ernakulam, Kunnathunad, Kerala, India – 683561 with effect from January 13, 2023.
- (iii) Change of objects: There has been no change of objects in the last 5 (Five) years.

13. The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on March 31, 2026 is as follows:

AUTHORISED SHARE CAPITAL	AMOUNT (Rs.)
10,00,000 Equity Shares of Rs. 100/- each	10,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	AMOUNT (Rs.)
9,49,905 Equity Shares of Rs. 100/- each	9,49,90,500

14. Financial statements of the Demerged Company:

A copy of the Audited Financial Statements as on 31st March 2025 and Provisional Financial Statements as on 30th September 2025 of Demerged Company are produced as **Annexure – 8** and **Annexure – 9**, respectively.

15. Details of the directors and promoters of the Demerged Company as on date is as follows:

Details of Promoters:

S. No	Name	Address
1.	Mr. Sabu M Jacob	Meckamkunnel House, Vilangu P O, Kizhakkambalam, Aluva, Ernakulam, Kerala – 683561
2.	Mrs. Renjitha Sabu	Meckamkunnel House, Vilangu P O, Kizhakkambalam, Aluva, Ernakulam, Kerala – 683561
3.	Mrs. Sindhu Chandrasekharan	Udayanoor Illam, Annamanada P.O., Ambalanada, Thekkummuri, Thrissur, Kerala - 680741
4.	Mr. Thomas Cherian	50/1391-1, Jawahar Road, Poonithura P O. Ernakulam, Kerala - 682038

5.	Mrs. Gayathri Krishnan	Krishnasree, 34/2148, Kalliyath Lane, BTS Mamangalam Cross Road, Edapally, Ernakulam, Kerala - 682024
6.	Mrs. Sreedevi P	Sreenilayam, Adampillykkavu Road, Tripunithura, Nadama, Ernakulam, Kerala - 682301
7.	Mrs. Elizebeth K U	458, Moothedath House, Maradu P O. Ernakulam, Kerala - 682304

Details of Directors:

S. No	Name & Address	DIN	Designation	Date of appointment
1.	Mr. Sabu M Jacob, Meckamkunnel House, Vilangu P O, Kizhakkambalam, Aluva, Ernakulam, Kerala – 683561	00046016	Non-Executive Director	30-06-2004
2.	Mr. Thomas Cherian, 50/1391-1, Jawahar Road, Poonithura P O., Ernakulam, Kerala - 682038	02160432	Executive Director - WTD	20-03-2008
3.	Mr. K L V Narayanan, 5/581, New Kalpathy, Kalpathy P O, Palakkad, Kerala - 678003	01273573	Non – Executive – Non-Independent Director	17-01-2020
4.	Mr. C P Philipose, Olangattu House, Erumelykara, Kumarapuram P O, Kunnathunad, Ernakulam, Kerala - 683565	01125157	Non-Executive – Independent Director	09-08-2022
5.	Mr. A K Mathew, Amprayil House, Reccaa Valley, VII/771-A, Mavelipuram, Kakkanadu, Ernakulam, Kerala - 682030	02437778	Non-Executive – Independent Director	12-01-2025
6.	Mrs. Sreedevi P, Sreenilayam, Adampillykkavu Road, Tripunithura, Nadama, Ernakulam, Kerala - 682301	08632939	Executive Director - WTD	17-01-2020

Details of the Resulting Company

16. Resulting Company is a listed public limited company, incorporated under Companies Act, 1956 with the name Kitex Garments Limited on May 29, 1992. The Corporate Identity Number (CIN) is L18101KL1992PLC006528 and PAN AABCK0714F. The equity shares of the Resulting Company are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'). The Resulting Company is primarily engaged in the business of manufacturers, dealers, importers, exporters, buyers, sellers, merchants of all kinds of textile items such as yarn, fabrics, garments and wearing apparels. The registered office of the Applicant Company No. 2 is at Building No. VI/496, Kizhakkambalam, Vilangu P.O., Aluva, Ernakulam, Kunnathunad, Kerala, India, 683561. The e-mail address of the Company is sect@kitexgarments.com

17. The main objects of the Resulting Company as set out in its Memorandum of Association are, inter alia, as follows:

1. *To carry on the business of manufacturers, dealers, purchasers, sellers, importers, and exporters of textile items such as yarn, fabrics, garments, wearing apparels, made from natural or synthetic fibers or from blends of both.*

18. Details of change of name, registered office and objects of the Resulting Company during the last five years:

- (i) Change of name: There has been no change of name in the last 5 (five) years.
- (ii) Change of registered office: The registered office of the company has changed to Building No. VI/496, Kizhakkambalam, Vilangu P.O., Aluva, Ernakulam, Kunnathunad, Kerala, India – 683561 with effect from January 13, 2023.
- (iii) Change of objects: There has been no change of objects in the last 5 (five) years.

19. The authorized, issued, subscribed and paid-up capital of the Resulting Company as on March 31, 2026 is as follows:

AUTHORISED SHARE CAPITAL	AMOUNT (Rs.)
50,00,00,000 Equity Shares of Re.1/- each	50,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	AMOUNT (Rs.)
19,95,00,000 Equity Shares of Re.1/- each	19,95,00,000

Note:

The Demerged Company is holding 3,17,57,466 equity shares in Resulting Company as on date which constitutes 15.92% of the paid-up capital of the Resulting Company.

20. Financial statements of the Resulting Company:

A copy of the Audited Financial Statements as on 31st March 2025 and Provisional Financial Statements as on 30th September 2025 of Resulting Company are produced as **Annexure – 10** and **Annexure – 11**, respectively.

21. Details of the directors and promoters of the Resulting Company as on date is as follows;

Details of Promoters:

S. No	Name	Address
1.	Mr. Sabu M Jacob	Meckamkunnel House, Vilangu P O, Kizhakkambalam, Aluva, Ernakulam, Kerala – 683561
2.	Mrs. Renjitha Joseph	Meckamkunnel House, Vilangu P O, Kizhakkambalam, Aluva, Ernakulam, Kerala – 683561
3.	Mr. Boby M Jacob	Meckamkunnel House, Vilangu P O, Kizhakkambalam, Aluva, Ernakulam, Kerala – 683561
4.	Kitex Childrenswear Limited	Building No. 494, Kizhakkambalam, Vilangu P O, Aluva, Ernakulam, Kerala - 683561

Details of Directors:

S. No	Name & Address	DIN	Designation	Date of appointment
1.	Mr. Sabu M Jacob, Meckamkunnel House, Vilangu P O, Kizhakkambalam, Aluva, Ernakulam, Kerala – 683561	00046016	Executive Director – MD	16-08-1993
2.	Mrs. Sindhu Chandrasekharan, Udayanoor Illam, Annamanada P.O., Ambalanada, Thekkummuri, Thrissur, Kerala - 680741	06434415	Executive Director – WTD	16-03-2015
3.	Mr. K L V Narayanan, 5/581, New Kalpathy, Kalpathy P O, Palakkad, Kerala - 678003	01273573	Non Executive – Non Independent Director	04-04-2013
4.	Mr. A K Mathew, Amprayil House, Reccaa Valley, VII/771-A, Mavelipuram, Kakkanadu, Ernakulam, Kerala - 682030	02437778	Non Executive – Independent Director	14-08-2024
5.	Mrs. Sumi Francis, Pulikottil House, Ponoth Road, Kaloor, Ernakulam, Kerala - 682017	08950675	Non Executive – Independent Director	13-11-2020

Salient features of the Scheme:

22. The demerger of the Demerged Undertaking in accordance with this Scheme shall take effect from the Appointed Date in accordance with Section 2(19AA) of the IT Act, such that:
- a. all the properties of the Demerged Undertaking as on the Appointed Date shall be transferred to and become the properties of Resulting Company, by virtue of this Scheme;
 - b. all the liabilities relating to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of Resulting Company, by virtue of this Scheme;
 - c. all the properties and the liabilities relating to the Demerged Undertaking shall be transferred to Resulting Company, at the value appearing in the books of accounts of the Demerged Company immediately before the demerger;
 - d. Resulting Company shall issue, in consideration of the demerger of the Demerged Undertaking, New Equity Shares, to the equity shareholders of the Demerged Company as on the Record Date based on Share Entitlement Ratio on a proportionate basis, in accordance with this Scheme;
 - e. all the equity shareholders of the Demerged Company as on the Record Date shall become the equity shareholders of Resulting Company by virtue of the demerger of the Demerged Undertaking to Resulting Company;
 - f. the transfer of the Demerged Undertaking to Resulting Company shall be on a going

concern basis; and

- g. the demerger of the Demerged Undertaking shall be in accordance with the conditions, if any, notified by the Central Government in this behalf.

If any terms of the Scheme are found or interpreted to be inconsistent with Section 2(19AA) of the IT Act, at a later date, including resulting from an amendment of law or for any other reason, Section 2(19AA) of the IT Act shall prevail and the Scheme shall be modified, in accordance with Clause 21 to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modifications shall however not affect the other parts of the Scheme.

23. Upon the Scheme becoming effective, all the assets, liabilities, employees, and the business pertaining to the Demerged Undertaking of the Demerged Company shall stand transferred to and vested in the Resulting Company as a going concern.

24. Upon the effectiveness of this Scheme and in consideration of the transfer and vesting of Demerged Undertaking into Resulting Company pursuant to provisions of this Scheme, Resulting Company shall, without any further act or deed, issue and allot equity shares to the equity shareholders of the Demerged Company, or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the Register of Members as on the Record Date in the following ratio:

“For every 100 (Hundred) equity shares of face and paid-up value of Rs. 100/- (Indian Rupees Hundred only) each held in the Demerged Company, 9,706 (Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Re. 1/- (Indian Rupee One only) each of Resulting Company to be issued to the equity shareholders of the Demerged Company.” (Share Entitlement Ratio)

25. Appointed Date means April 01, 2025, or such other date as may be fixed or approved by the Hon'ble NCLT or any other appropriate Authority
26. The effectiveness of the Scheme is subject to, inter alia, (i) the Scheme being approved by the requisite majority of all classes of shareholders and/or creditors (where applicable) of the Demerged Company and the Resulting Company, and (ii) the Scheme being approved and sanctioned by the National Company Law Tribunal, Kochi Bench.
27. The No-Objection Certificate from the BSE and NSE was received on 04 and 05 December 2025 respectively, wherein no adverse observations or objections were raised, and no modifications to the Scheme were suggested. The Company has, as of now, complied with all comments stipulated in the Observation Letter relevant for filing the first motion application and has filed the same with the Kochi Bench of the NCLT on December 23, 2025.

Summary of the Orders with respect to the meeting of shareholders of the Demerged /Resulting Company and classes of creditors of the Demerged Company and the Resulting Company:

28. There are 07 (Seven) Equity Shareholders in the Demerged Company as on November 30, 2025. Equity Shareholders constituting 100% of the total shareholding have extended their consents to the Scheme. Accordingly, the meeting of the equity shareholders of the Demerged Company is dispensed with as per the Orders as contemplated under Sections 230(3) to 230(6) and Section 232(1) of the Act, read with the rules made thereunder.

29. There are 1,00,953 (One Lakh Nine Hundred and Fifty Three) Equity Shareholders in the Resulting Company as on September 30, 2025. The Hon'ble NCLT Kochi Bench by order dated January 22, 2026 directed the meeting of Equity Shareholders of the Resulting Company
30. As far as the meeting of the secured creditors of the Demerged Company is concerned, there are 02 (Two) secured creditors in the Demerged Company as on September 30, 2025, and secured creditors constituting 100% in value of the total secured creditors of the Demerged Company have given their consent affidavits in writing approving the proposed Scheme. Accordingly, the meeting of the secured creditors of the Demerged Company is dispensed with as per the Orders as contemplated under Sections 230(3) to 230(6) and Section 232(1) of the Act, read with the rules made thereunder.
31. As far as the meeting of the unsecured creditors of the Demerged Company is concerned, there are 132 (One Hundred and Thirty Two) unsecured creditors in the Demerged Company as on September 30, 2025. The Hon'ble NCLT Kochi Bench by order dated January 22, 2026 directed the meeting of unsecured creditors of the Demerged Company.
32. As far as the meeting of the secured creditors of the Resulting Company is concerned, there are 03 (Three) secured creditors in the Resulting Company as on September 30, 2025, and secured creditors constituting 100% in value of the total secured creditors of the Resulting Company have given their consent affidavits in writing approving the proposed Scheme. Accordingly, the meeting of the secured creditors of the Resulting Company is dispensed with as per the Orders as contemplated under Sections 230(3) to 230(6) and Section 232(1) of the Act, read with the rules made thereunder.
33. As far as the meeting of the unsecured creditors of the Resulting Company is concerned, there is a total of 311 (Three Hundred and Eleven) unsecured creditors in the Resulting Company as on September 30, 2025. The Hon'ble NCLT Kochi Bench by order dated January 22, 2026 directed the meeting of unsecured creditors of the Resulting Company

Relationship subsisting between the Demerged Company and the Resulting Company

34. The Demerged Company is holding 3,17,57,466 equity shares in Resulting Company as on date which constitutes 15.92% of the paid-up capital of the Resulting Company.

Board approvals

35. The Board of Directors of the Demerged Company and Resulting Company have approved the Scheme at their respective board meetings held on February 14, 2025
36. The Board of Directors of the Demerged Company unanimously approved the Scheme at its meeting held on February 14, 2025. Details of the directors who voted on the resolution are as follows

S. No	Name	DIN	Designation	Voted in favour/ against the resolution
1.	Mr. Sabu M Jacob	00046016	Non-Executive Director	Favour
2.	Mr. Thomas Cherian	02160432	Executive Director - WTD	Favour

3.	Mr. K L V Narayanan	01273573	Non – Executive – Non Independent Director	Favour
4.	Mr. C P Philipose	01125157	Non-Executive Independent Director	Favour
5.	Mr. A K Mathew	02437778	Non-Executive Independent Director	Favour
6.	Mrs. Sreedevi P	08632939	Executive Director - WTD	Favour

37. The Board of Directors of the Resulting Company unanimously approved the Scheme at its meeting held on February 14, 2025. Details of the directors who voted on the resolution are as follows:

S. No	Name	DIN	Designation	Voted in favour/ against the resolution
1.	Mr. Sabu M Jacob	00046016	Executive Director – MD	Favour
2.	Mrs. Sindhu Chandrasekharan	06434415	Executive Director – WTD	Favour
3.	Mr. K L V Narayanan	01273573	Non-Executive – Non Independent Director	Favour
4.	Mr. C P Philipose	01125157	Non-Executive Independent Director	Favour
5.	Mr. A K Mathew	02437778	Non-Executive Independent Director	Favour
6.	Mrs. Sumi Francis	08950675	Non-Executive Independent Director	Favour

Disclosure about the effect of the Scheme on stakeholders

38. The effects of the Scheme on the persons mentioned below of the Demerged Company and the Resulting Company (together referred to as the “Companies”) will be as follows:

Sl. No	Category of stakeholder	Effect of the Scheme on the respective stakeholder
1.	Key Managerial Personnel	(a) The KMPs of the Demerged Company and Resulting Company shall continue as key managerial personnel of the respective Companies after effectiveness of the Scheme. (b) It is hereby clarified that the key managerial personnel of KCL and KGL may undergo changes in the ordinary course of business.
2.	Directors	(a) The Scheme will have no effect on the directors of KGL and KCL. The directors of KCL will receive equity shares in KGL based on the Share Entitlement Ratio to the extent the directors hold any shares in KCL like any other shareholders of KCL. (b) Further no change in the Board of Directors of KCL and KGL is envisaged on account of the Scheme. (c) It is clarified that the composition of the Board of Directors of KCL and KGL may undergo changes in the ordinary course, on account of appointments, retirements or resignations, if any, in accordance with the provisions of the Act, SEBI Listing Regulations (as applicable), other applicable laws and the Memorandum and Articles of Association of KCL and KGL.

3.	Shareholders (Promoter and non-promoter shareholders)	<p>(a) Upon the effectiveness of this Scheme and in consideration of the transfer and vesting of Demerged Undertaking (as defined in the Scheme) into Resulting Company pursuant to provisions of this Scheme, Resulting Company shall, without any further act or deed, issue and allot equity shares to the equity shareholders of the Demerged Company, or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the Register of Members as on the Record Date in the following ratio:</p> <p><i>“For every 100 (Hundred) equity shares of face and paid-up value of Rs. 100/- (Indian Rupees Hundred only) each held in the Demerged Company, 9,706 (Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Re. 1/- (Indian Rupee One only) each of Resulting Company to be issued to the equity shareholders of the Demerged Company.” (Share Entitlement Ratio).</i></p> <p>(b) Accordingly, all the equity shareholders of the Demerged Company as on the Record Date (as defined under the Scheme) shall become the equity shareholders of Resulting Company by virtue of the demerger of the Demerged Undertaking.</p> <p>(c) Further, the shares issued as a consideration by Resulting Company to the shareholders of the Demerged Company pursuant to the Scheme shall be listed on BSE and NSE.</p> <p>In light of the aforementioned rationale and benefits of the Scheme and other related matters, the Board of Directors of the Companies are of the informed opinion that the proposed Scheme is not detrimental to the interests of the shareholders of the Companies including minority shareholders.</p>
4.	Depositors	As on the date, KCL and KGL have not taken any public deposits. Hence, there are no depositors.
5.	Creditors	The Scheme is in no manner prejudicial to the interests of the creditors of KCL and KGL and the Scheme does not contemplate any modification of the rights of the creditors of KCL and KGL and the liability of the said creditors of KCL and KGL are not proposed to be reduced or extinguished under the Scheme.
6.	Debenture Holders	As on the date, KCL and KGL have not issued any debentures. Hence, there are no debenture holders.
7.	Deposit Trustee	As on the date, KCL and KGL have not taken any public deposits. Hence, there are no deposit trustees.
8.	Debenture Trustee	As on the date, KCL and KGL have not issued any debentures. Hence, there are no debenture trustees.
9.	Employee of the companies	On the Scheme becoming effective, all staff, workmen and employees of the Demerged Company pertaining to the Demerged Undertaking in service as on Effective Date shall be deemed to have become staff, workmen and employees of the Resulting Company, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable

		to them with reference to their employment with the Demerged Company.
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Brief details of the business synergies of the entities involved in the Scheme and the cost-benefit analysis of the Scheme are set out below:

39. Synergies of business of the entities involved in the Scheme:

The Scheme relates to the demerger of the Demerged Undertaking, textile business division of the Demerged Company into the Resulting Company as a going concern. The benefits and rationale of the Scheme are set out in Paragraph 9 of the Explanatory Statement above.

40. Cost-benefit analysis of the Scheme:

The benefits of the Scheme for the stakeholders of the Demerged Company and the Resulting Company in terms of sharpened focus and other benefits as specified in Paragraph 9 of the Explanatory Statement above far outweigh the transaction costs for the implementation of the Scheme. For the shareholders of the Demerged Company (who will receive shares in the Resulting Company), the demerger will result in unlocking value and providing them the flexibility to continue to remain invested in the Demerged Undertaking. Thus, the Scheme will be beneficial for both the Demerged Company and the Resulting Company.

41. As required under Part I(A)(6) of the SEBI Scheme Circular, the Report on Complaints dated October 07, 2025, was submitted by the Resulting Company in compliance with the said Circular, wherein no complaints were received, and the Company hereby confirms that until the date of receipt of the NOC from the BSE &NSE, there were no complaints received with respect to the Scheme. A copy of the aforementioned report is attached as **Annexure – 12.**

Pending investigations and proceedings against the Demerged Company and the Resulting Company (together referred to as the “Companies”)

- 42. No investigation or proceedings are pending against the Companies under Section 206 to 229 of the Act.**
- 43. No proceedings under Section 235 or 250A of the Companies Act, 1956 or the applicable provisions of the Act are pending against the Companies.**
- 44. No investigations are pending against the Companies under any applicable law.**
- 45. No winding-up petition (including under Section 433 read with Section 434 of the Companies Act, 1956) and/ or insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 have been filed/ instituted and are pending against the Companies**
- 46. No adjudications, recovery proceedings, prosecutions, or enforcement actions are pending against Companies, its directors, or its promoters.**

Summary of the Valuation Report and Fairness Opinion

47. Summary of the Valuation Report:

The valuation report dated February 14, 2025 was issued by Banssi S. Mehta Valuers LLP, Registered Valuer (IBBI Registration Number: IBBI/RV-E/06/2022/172) describing, inter alia, the

methodologies adopted by them in arriving at the Share Entitlement Ratio and setting out the detailed computation of the Share Entitlement Ratio for the proposed Scheme. Based on the valuation report for every 100 (One Hundred) equity shares of Rs.100 each held in the demerged company, 9,706 (Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Re. 1/- (Indian Rupee One only) each of Resulting Company to be issued to the equity shareholders of the Demerged Company.

48. Summary of the Fairness Opinion:

A Fairness Opinion dated February 14, 2025 issued by ICICI Securities Limited, an Independent SEBI registered Category I Merchant Banker registered with SEBI (SEBI Registration Code for the Merchant Banker: MB/INM000011179), for providing a fairness opinion on the valuation carried out by the Registered Valuer in the Share Entitlement Ratio Report, i.e., with respect to the Share Entitlement Ratio in connection with the proposed Scheme. The recommendation of the Share Exchange Ratio has been approved by the Audit Committee of the Resulting Company and Board of Directors of the demerged Company and Resulting Company.

Copy of the Valuation Report & Fairness Opinion is attached as **Annexure-13** and **Annexure -14** respectively.

Pre and post Scheme capital structure

49. The pre-scheme capital structures of the Demerged Company and the Resulting Company are set out in Paragraphs 13 and 19 of the Explanatory Statement, respectively. There will be no change in the capital structure of the Demerged Company pursuant to the Scheme. The post-Scheme capital structure of the Resulting Company will be as follows:

Authorised Share Capital	Amount (Rs.)
50,00,00,000 Equity Shares of Re.1/- each aggregating to Rs.50,00,00,000	50,00,00,000
TOTAL	50,00,00,000
Issued, Subscribed and Paid-up Share Capital	Amount (Rs.)
29,16,97,779 Equity Shares of Re.1/- each aggregating to Rs.29,16,97,779	29,16,97,779
TOTAL	29,16,97,779

Detail of capital/ debt restructuring

50. The Scheme does not involve any capital or debt restructuring, the reduction and utilization of the securities premium account of the resulting company as specified in clause 14.2.3, shall be effected as an integral part of the scheme, in accordance with provisions of Section 230 to 232, without having to follow the process under Section 52 and other applicable provisions of the Act and without any further act or deed on part of the Resulting Company. Accordingly, the order by NCLT sanctioning the scheme shall also be deemed to be the order passed under applicable provisions of the Act for the purpose of confirming such reduction of securities premium account. The reduction of securities premium account as aforesaid would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and as such the provisions of Section 66 of the Act or the other applicable provisions of the Act will not be applicable in view of the explanation to Section 230 of the Act.

Auditors' certificate on conformity of accounting treatment specified in the Scheme with applicable accounting standards

51. The statutory auditors of the Demerged Company and the Resulting Company have confirmed that the accounting treatment specified in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act and applicable rules and other generally accepted accounting principles in India.
52. The certificates issued by the statutory auditors of the Demerged Company and the Resulting Company, certifying that the accounting treatment in the Scheme is in accordance with the provisions of Section 133 of the Act, are produced herewith as **Annexure – 15** and **Annexure – 16**, respectively.

No Objection Certificate from the BSE

53. The Scheme was filed with the BSE & NSE in terms of Regulation 37 of the Listing Regulations on March 07, 2025, for obtaining an observation letter/NOC. The observation letter from the BSE & NSE has been received on December 04 and 05, 2025, wherein no adverse observations or objections were raised and no modifications to the Scheme were suggested. Copies of the BSE & NSE observation letters are attached as **Annexure – 17** and **Annexure-18** respectively.
54. The additional information, as advised by the BSE/NSE to be provided to the unsecured creditors in the notice of the Meeting, is set out in the paragraphs below.
- (i) Details of assets, liabilities, net worth, and revenue of Kitex Childrenswear Limited and Kitex Garments limited, pre- and post-scheme:

Based on the certification obtained from a Chartered Accountant, which has also been submitted to the BSE and NSE as part of the application filing, the indicative details of the assets, liabilities, net worth, and revenue of Kitex Childrenswear Limited and Kitex Garments limited, pre- and post-Scheme, based on the financial statements as of March 31 2025, are provided below. These figures will be finalized based on the financial position as of the Effective Date.

Details of assets and liabilities of Kitex Childrenswear Limited, the Demerged Company and, i.e., Kitex Garments limited the Resulting Company, pre- and post-Scheme:

Rs. in Lakhs

Particulars	Kitex Childrenswear Limited		Kitex Garments limited	
	Pre-Scheme	Post Scheme	Pre-Scheme	Post Scheme
A. Assets				
a. Non-Current Assets				
Property Plant and Equipment	7,797.87	4,680.66	10,153.21	13,270.41
Investments and property under development	110.13	72.30	3,440.81	3,478.64
Investments	81,023.99	92,703.58	45,454.90	66,423.23
Loans	981.15	981.15	10,634.77	10,634.77
Other Non-Current Assets	589.20	87.44	1,461.61	1,963.37
Total (i)	90,502.34	98,525.13	71,145.30	95,770.42
b. Current Assets, Loans and advances				
Cash and Cash Equivalents	2,378.39	-	6,182.95	8,561.34

Other Current Assets	15,691.84	165.24	62,066.96	77,593.57
Total (ii)	18,070.23	165.24	68,249.91	86,154.91
Total Assets (i) + (ii)	1,08,572.57	98,690.37	1,39,395.21	1,81,925.33
B. Liability				
Equity	949.91	949.91	1,995.00	2,916.98
Other Equity	88,530.97	88,530.97	1,08,567.82	1,40,293.76
Total (iii)	89,480.88	89,480.88	1,10,562.82	1,43,210.74
b. Non-Current Liabilities				
Borrowings	-	-	-	-
Provisions	9,486.23	8,703.43	1,246.55	2,029.35
Total (iv)	9,486.23	8,703.43	1,246.55	2,029.35
c. Current Liabilities				
	9,605.46	506.06	27,585.84	36,685.24
Total (v)	9,605.46	506.06	27,585.84	36,685.24
Total Liabilities (iii) + (iv) +(v)	1,08,572.57	98,690.37	1,39,395.21	1,81,925.33

- (ii) Details of net worth and revenue of Kitex Childrenswear Limited, i.e., the Demerged Company and Kitex Garments limited, i.e., the Resulting Company, pre- and post-Scheme:

(Rs. in Lakhs)

Particulars	Kitex Childrenswear Limited		Kitex Garments limited	
	Pre-Scheme	Post Scheme	Pre-Scheme	Post Scheme
Net worth	89,480.88	89,480.88	1,10,562.82	1,43,210.74
Revenue	43,283.00	251.50	1,01,941.42	1,44,972.92

- (iii) Pre and post scheme shareholding pattern of KGL and KCL considering the changes, if any, post filing the scheme with exchange

KGL (Resulting Company)

Category	Shareholding- pre-filing of Scheme with Exchange (%)	Shareholding – post-filing of Scheme with Exchange (%)
Promoter / Promoter Group	<u>56.66</u>	<u>70.35</u>
Public Shareholders	<u>43.34</u>	<u>29.65</u>

KCL (Demerged Company)

Category	Shareholding- pre-filing of Scheme with Exchange (%)	Shareholding – post-filing of Scheme with Exchange (%)
Promoter / Promoter Group	<u>100</u>	<u>100</u>
Public Shareholders	=	=

- (iv) Impact of the scheme on the revenue-generating capacity of Kitex Garments Limited:

The segregation of Textile Business Division of the Demerged Company would allow the management to effectively cater to the independent growth plans (both through organic and inorganic means) by enabling access to availability of increased resources. Combining similar business activities under a single entity shall optimize business operations, achieve economies of scale, create operational efficiency, common pool of production, better utilisation of resources and increased customer focus in relation to the Textile Business Division. Hence the board of directors of the companies expecting increase in the revenue generating capacity of the Resulting Company pursuant to the Scheme by combining the similar business activities into one 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.

The need and rationale of the scheme has been provided in clause (9) of the explanatory statement above. The proposed demerger envisages to combine the similar kind of business into resulting entity, which will enable optimal utilisation of the resources and better growth. The board of directors have the opinion that the proposed demerger will increase the value of all shareholders.

- (vi) Value of assets and liabilities of the Demerged Company that are being transferred to Resulting Company

The indicative value of assets and liabilities of the Demerged Undertaking, based on the financial statements of the Demerged Company as of March 31 2025 is Rs. 42,530.12 Lakhs and Rs.9,882.20 Lakhs, respectively.

- (vii) Details/fact about the basis of valuation including projections considered for valuation of KGL and KCL companies along with justification for growth rate considered for valuation.

Detailed valuation report and fairness opinion is furnished as **Annexure-13** and **Annexure-14** to this notice.

- (viii) Latest financials of Demerged and Resulting Companies should be updated on the website and the same also to be disclosed in the explanatory statement.

The financials as on March 31, 2025 of the Demerged Company and Resulting Company has been updated on the website of the Resulting Company at sect@kitexgarments.com

- (ix) Revised shareholding pattern of Demerged and Resulting Companies - Pre and Post-Merger.

There won't be any change in the shareholding pattern of the Demerged Company pre and post-merger. The shareholding pattern of the Resulting Company pre and post-merger (the pre-scheme shareholding pattern considered as on notice date) will be as follows;

Category	Pre-Scheme Shareholding (%)	Post Scheme shareholding (%)
Promoter/Promoter Group	56.66	70.35
Public Shareholders	43.34	29.65

- (x) Pre- and post-scheme shareholding of the Demerged and Resulting Companies as on the date of the notice of the shareholders' Meeting, along with the rationale for any changes, if any, that occurred between the filing of the draft scheme and the notice to shareholders:

Pre- and post-scheme shareholding of the Demerged Company and the Resulting Company as on the date of the Notice,

	Demerged Company				Resulting Company			
	Pre Scheme		Post Scheme		Pre Scheme		Post Scheme	
	Shares	%	Shares	%	Shares	%	Shares	%
Promoter	9,49,905	100	9,49,905	100	11,30,32,386	56.66	20,52,29,680	70.35
Public	-	-	-	-	8,64,67,614	43.34	8,64,68,099	29.65
Total	9,49,905	100	9,49,905	100	19,95,00,000	100	29,16,97,779	100

Notes:

It is hereby clarified that there has been no change in the percentage of shareholding of the promoters and public shareholders of the Demerged Company. There has been no change in the shareholding pattern of the Resulting Company from the date of filing the Scheme with the BSE until the date of this Notice.

- (xi) Details of pending actions against the entities involved in the scheme its promoters/directors/KMP's and possible impact on the Resulting Company to the shareholders.

Please refer to the details set out in Points 42 to 46 above

Details of approvals, sanctions or no-objection(s) from regulatory or any other governmental authorities in relation to the Scheme

55. The equity shares of the Resulting Company are listed on the BSE and NSE, and the Resulting Company received the NOC on 04th and 05th December 2025.
56. Further, the meetings of the equity shareholders of the Demerged Company, the secured creditors of the Demerged Company, and the Resulting Company have been dispensed with as per the Orders.
57. The Scheme, if approved at this Meeting, will be subject to subsequent sanction of the NCLT and such other approval(s), and sanction(s) as may be required.
58. The Demerged Company and the Resulting Company respectively have filed the Scheme with the Registrar of Companies, Kochi, in Form GNL-1.
59. In compliance with the requirement of Section 230(5) of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Resulting Company confirms that a notice of the Scheme in the prescribed form is also being served on all the authorities in terms of the Orders.

Amount Due To Unsecured Creditors

60. The amount due to the unsecured creditors of the Demerged Company as on March 31, 2026 is INR 284,98,634.56

61. The amount due to the unsecured creditors of the Resulting Company as on March 31, 2026 is INR 2490,33,871.60.

Disclosure Document

62. The Disclosure Document, prepared solely in accordance with the requirements of the SEBI Scheme Circular in connection with the Scheme, is in the format prescribed for a disclosure document as set out in Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, and contains the applicable information relating to the Demerged Company, which is an unlisted company. A copy of the Disclosure Document is attached as **Annexure – 19**.
63. Certificate issued by a SEBI-registered Merchant Banker on the accuracy and adequacy of the Disclosure Document is attached as **Annexure – 20**.

Inspection of documents

64. All documents/information required to be hosted on the website of the Resulting Company in terms of the SEBI Scheme Circular can be accessed at <https://www.kitexgarments.com/>. Unsecured creditors desiring inspection of any relevant documents referred to in the Notice or Explanatory Statement can send an e-mail to sect@kitexgarments.com

The following documents will be available for obtaining extracts from or for making or obtaining copies of, or for inspection by, the unsecured creditors of the Demerged Company at its registered office Building No. 494, Kizhakkambalam, Vilangu P.O., Aluva, Ernakulam, Kerala, India, 683561 on any working day (except Saturdays, Sundays, and public holidays) between 10:00 A.M. and 4:00 P.M. (IST) up to the date of the Meeting:

- (i) Copy of the Orders;
- (ii) Observation Letter dated December 04 and 05, 2025 , issued by the BSE and NSE;
- (iii) Copy of the Scheme;
- (iv) Copies of the Memorandum of Association and Articles of Association of the Companies.
- (v) Copy of the audited financial statements of the Companies for the financial year 2024–25;
- (vi) Copy of the unaudited financial statements of the Resulting Company for the period ended September 30, 2025,
- (vii) Copy of the Valuation Report dated March 06, 2025, issued by Bansi S Mehta Valuers LLP.;
- (viii) Copy of the Fairness Opinion dated February 14, 2025 , issued by ICICI Securities Limited
- (ix) Certificates (including any revised certificates) issued by the respective statutory auditors of the Demerged Company and Resulting Company, respectively, to the effect that the accounting treatment, if any, proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act, and the clarification provided by the management of the Resulting Company, as required by the BSE/NSE and the SEBI;
- (x) Report on Complaints dated October 07, 2025
- (xi) Copy of the report adopted by the Audit Committee of Kitex Garments Limited , as required under SEBI Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated February 14, 2025.
- (xii) Copy of the reports adopted by the Board of Directors of the Demerged Company and the Resulting Company explaining the effect of the compromise on each class of shareholders,

- key managerial personnel, promoters, and non-promoter shareholders, and laying out the share entitlement ratio for the Scheme and the valuation difficulties, if any;
- (xiii) Certified true copy of the resolution passed by the Board of Directors of Kitex Garments Limited approving the proposed Scheme;
 - (xiv) Certified true copy of the resolution passed by the Board of Directors of Kitex Childrenswear Limited approving the proposed Scheme;
 - (xv) Disclosure Document as per the format specified for an abridged prospectus as provided in Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (xvi) Certificate dated May 25, 2026, issued by ICICI Securities Limited , a SEBI-registered Merchant Banker, certifying that the information pertaining to Kitex Childrenswear Limited, as per the format specified for an abridged prospectus provided in Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, is accurate and adequate;
 - (xvii) Copy of Form GNL-1 filed by the Demerged Company and the Resulting Company respectively with the Registrar of Companies, evidencing the filing of the Scheme;
 - (xviii) Registers of Directors and Key Managerial Personnel and their shareholding in the Demerged Company; and
 - (xix) All other documents mentioned or referred to in this Statement to the Notice.

Based on the above and considering the rationale and benefits of the Scheme, in the opinion of the Board, the Scheme will be of advantage to, beneficial and in the interest of the Demerged Company, its shareholders, creditors and other stakeholders and the terms thereof are fair and reasonable. Therefore, the Board of Directors of the Demerged Company recommends the Scheme for approval of the unsecured creditors.

Sd/-
DIN: 02160432
Mr. Thomas Cherian
(Whole-Time Director of Kitex Childrenswear Limited)

Place: Kochi
Date: 10.06.2026

Registered Office:

Kitex Childrenswear Limited
Building No. 494, Kizhakkambalam,
Vilangu P.O, Aluva, Ernakulam ,
Kerala, India, 683561

**IN THE NATIONAL COMPANY LAW TRIBUNAL KOCHI
BENCH**

CA(CAA)/01/KOB/2026

*(Under Sections 230-233 of the Companies Act,
2013 read with Companies (Compromise,
Arrangements and Amalgamations) Rule,
2016)*

Date of Institution : 23.12.2025

Order delivered on: 22.01.2026

***In the matter of scheme of arrangement
in the nature of Demerger***

OF

KITEX CHILDRENSWEAR LIMITED

Building No. 494,
Kizhakkambalam, Vilangu P.O.,
Aluva, Ernakulam,
Kerala, India, 683561
CIN: U18101KL1991PLC006048

...Applicant No: 1/ Demerged Company

&

KITEX GARMENTS LIMITED

Building No. VI/496,
Kizhakkambalam, Vilangu P.O.,
Aluva, Ernakulam,
Kerala, India, 683561
CIN: L18101KL1992PLC006528

... Applicant No: 2/Resulting Company

&

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IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH

CA(CAA)/01/KOB/2026

M/s. Kitex Childrenswear Limited & M/s Kitex Garments Limited

Their respective Shareholders and Creditors

Coram:

HON'BLE MEMBER (JUDICIAL) : SHRI VINAY GOEL

Appearances:

For the Applicant Companies : Mr. Saji P John, Advocate

ORDER

PER CORAM

1. This Joint Company Application **CA(CAA)/01/KOB/2026** has been filed by the Applicant Companies under Sections 230-233 of the Companies Act, 2013, (hereinafter called as ' the Act' or 'Companies Act') read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The proposed Composite Scheme of Arrangement in the nature of Demerger between M/s Kitex Childrenswear Limited (Applicant No.1/Demerged Company) and M/s Kitex Garments Limited (Applicant No.2/ Resulting Company) (collectively referred to as the "Applicant Companies") and their respective Shareholders and Creditors.
2. The **Applicant No.1 Company**, M/s Kitex Childrenswear Limited, is an unlisted public limited company incorporated under the Companies Act, 1956 with the name 'Kitex Exports Limited' on 26.04.1991 with CIN: U18101KL1991PLC006048, having its registered office at Building No. 494, Kizhakkambalal, Vilangu P.O., Aluva, Ernakulam, Kunnathunad, Kerala, India, 683561. Later, the name of the Company

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M/s. Kitex Childrenswear Limited & M/s Kitex Garments Limited

has been changed to Kitex Childrenswear Limited with effect from 30.03.2005.

3. The authorised share capital of the Applicant No. 1 Company is Rs. 10,00,00,000/-, divided into 10,00,000 equity shares of Rs. 100/- each. The issued, subscribed, and paid-up share capital of the Company is Rs. 9,49,90,500/-, which is divided into 9,49,905 fully paid-up equity shares of Rs. 100/- each. And submitted that there has been no change in the share capital of the Company subsequent to 31.03.2025.
4. The objects of Applicant No.1 Company is to carry on the business of manufacturers, dealers, purchasers, sellers, importers, and exporters of textile items such as yarn, fabrics, garments, wearing apparels, made from natural or synthetic fibers or from blends of both.
5. The Applicant No.1 Company is holding 3,17,57,466 equity shares in Resulting Company as on 30th September 2025 which constitutes 15.92% of the paid-up capital of the Applicant No.2 Company.
6. The **Applicant No.2 Company**, M/s Kitex Garments Limited, is a listed public limited company incorporated under the Companies Act, 1956 on 29.05.1992 with CIN: L18101KL1992PLC006528, having its registered office at Building No. VI/496, Kizhakkambalam, Vilangu P.O., Aluva, Ernakulam, Kunnathunad, Kerala, India, 683561.
7. The authorised share capital of the Applicant No.2 Company is Rs. 25,00,00,000/-, divided into 25,00,00,000 equity shares of Rs. 1/- each. The issued, subscribed, and paid-up share capital of the Company is Rs. 19,95,00,000/-, which is divided into 19,95,00,000 fully paid-up equity shares of Rs. 1/- each. And submitted that there has been no change in



IN THE NATIONAL COMPANY LAW TRIBUNAL
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M/s. Kitex Childrenswear Limited & M/s Kitex Garments Limited

the share capital of the Resulting Company subsequent to 31.03.2025.

8. The Applicant No.2 Company is primarily engaged in the business of manufacturers, dealers, importers, exporters, buyers, sellers, merchants of all kinds of textile items such as Fabrics, Garments and wearing apparels.
9. The equity shares of the Applicant No.2 Company are listed on BSE Limited and National Stock Exchange of India Limited.
10. Both the Applicant Companies have filed their respective Memorandum of Association and Articles of Association, inter alia, delineating their object clauses along with their audited financial statements as of 31.03.2025, respectively.
11. Applicant Companies have obtained and placed on record the statutory valuation of shares assessed by a Registered Valuer as required under Section 230 of the Companies Act, 2013.
12. The Board of Directors of the Applicant Companies has approved the Scheme at their respective board meetings held on 14.02.2025 have unanimously approved the proposed Scheme of Demerger between the Applicant Companies in accordance with the Proposed Scheme of Demerger, with the Appointed Date being 01.04.2025.
13. The Applicant Companies submitted that the Scheme also does not affect the rights and interests of the respective creditors of the Applicant No.1 Company and the Applicant No.2 Company. It is also stated that the Scheme herein does not contemplate any arrangement with the creditors of the Applicant Companies and does not provide for Capital Debt Restructuring. Pursuant to Clause 15 read with Clause



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M/s. Kitez Childrenswear Limited & M/s Kitez Garments Limited

14.2.3 of the Scheme, the Scheme provides for utilization of securities premium account for adjusting the debit balance of business reconstruction reserve. Utilization of securities premium account for any purpose other than the purposes mentioned in Section 52 of the Companies Act, 2013 shall be considered as capital reduction. The reduction of securities premium account as aforesaid would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and as such, the provisions of Section 66 of the Act or the other applicable provisions of the Act will not be applicable in view of the explanation to Section 230 of the Act.

14. The Applicant No.1 Company is not regulated by any Sectorial Regulators. The shares of the Applicant No.2 Company are listed with BSE and NSE and hence regulated by SEBI. 'As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, No Objection letters were received from BSE and NSE.
15. As on 30.11.2025, the Applicant No.1 Company has 07 (Seven) Equity Shareholders. Equity Shareholders constituting 100% of the total equity shareholding have extended their consent to the Scheme of Demerger and for dispensation of their meeting for approval of the Scheme of Demerger. The list of Equity Shareholders duly certified by a Chartered Accountant, along with their respective consent affidavits, has been attached as Annexure H series.
16. As on 30.09.2025, the Applicant No.2 Company has 1,00,953 (One Lakh Nine Hundred and Fifty Three) Equity Shareholders. The shareholding pattern and the list of top 100 Equity Shareholders duly

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M/s. Kitax Childrenswear Limited & M/s Kitax Garments Limited

- certified by a Chartered Accountant, has been attached as Annexure K.
17. As on 30.09.2025, the Applicant No.1 Company has 02 (Two) Secured Creditors. Secured Creditors constituting 100% of the total secured debt have extended their consent to the Scheme of Demerger and for dispensation of their meeting for approval of the Scheme of Demerger. The list of Secured Creditors duly certified by a Chartered Accountant, along with their respective consent affidavits, has been attached as Annexure L Series.
18. As on 30.09.2025, the Applicant No.2 Company has 03 (Three) Secured Creditors. Secured Creditors constituting 100% of the total secured debt have extended their consent to the Scheme of Demerger and for dispensation of their meeting for approval of the Scheme of Demerger. The list of Secured Creditors duly certified by a Chartered Accountant, along with their respective consent affidavits, has been attached as Annexure M Series.
19. As on 30.09.2025, the Applicant No 1 Company has 132 (One Hundred and Thirty Two) Unsecured Creditors. The list of Unsecured Creditors duly certified by a Chartered Accountant, has been attached as Annexure N.
20. As on 30.09.2025, the Applicant No.2 Company has 311 (Three Hundred and Eleven) Unsecured Creditors. The list of Unsecured Creditors duly certified by a Chartered Accountant, has been attached as Annexure O.
21. Both the Applicant Companies declare that they are in compliance with the Accounting Standards as prescribed by the Institute of Chartered



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M/s. Kitee Childrenswear Limited & M/s Kitee Garments Limited

of Accountants of India and the Auditor's certificate under Section 133 of the Companies Act, 2013 confirms the same.

22. And stated that no investigation proceedings are pending against any of the Applicant Companies involved in the proposed Scheme of Demerger.

23. Heard the arguments advanced by the Learned Counsel for the Applicant Companies and perused the documents on record, including the Scheme. Under Section 230(9) of the Companies Act, 2013, the Tribunal may dispense with the calling of a meeting of Creditor or class of Creditors where such Creditor or class of Creditors, having at least 90% value, agree and confirm, by way of affidavit, to the Scheme of Compromise or Arrangement.

24. It is also noted that the Applicant No 1 Company had obtained the separate consent affidavit from all seven equity shareholders and two secured creditors constituting 100% of the values for dispensing with the meeting for the approval of the scheme of demerger. The Applicant No 2 Company had obtained the separate affidavits of all three secured creditors constituting 100% of the values expressing their consent for dispensing with the meeting for the approval of the scheme of demerger.

25. Accordingly, this bench issues the following directions:

A. Applicant No 1 Company

- a) The meetings of the equity shareholders and the secured creditors of the Applicant Company No. 1 for considering the Scheme of Demerger are hereby **dispensed** as there exists the consent of all

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M/s. Kitex Childrenswear Limited & M/s Kitex Garments Limited

07 (Seven) equity shareholders constituting 100% of the total equity shareholding and all 02 (Two) secured creditors constituting 100% of the total secured debt, in value and number, by way of affidavits placed on record.

- b) The meeting of the unsecured creditors of the Applicant No. 1 Company for considering the Scheme of Demerger is directed to be convened in accordance with law.

B. Applicant No 2 Company

- a) The meeting of the secured creditors of the Applicant No. 2 Company for considering the Scheme of Demerger is hereby **dispensed** with in view of the consent of all 03 (Three) secured creditors, constituting 100% of the total secured debt in value and number, by way of affidavits placed on record.

- b) The meetings of the equity shareholders and the unsecured creditors of the Applicant Company No. 2 for considering the Scheme of Demerger is directed to be convened in accordance with law.

26. The meetings of the Applicant Companies for considering the Scheme shall be convened at a venue fixed by the Applicant Companies to consider and, if thought fit, approve with or without modifications the proposed Scheme of Demerger through voting.

27. The meetings shall be convened as early as possible from the date of this order, with a minimum notice of 30 days to be provided.



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M/s. Ritex Childrenswear Limited & M/s Ritex Garments Limited

28. **Mr Kuldip Kumar Kareer**, Former Judicial Member, NCLT, having address at House No 262, Sector-7, Chandigarh-160019, Ph. 9780055722, email: kuldipkareer@gmail.com is appointed as the **Chairman** for the meetings. The fee of the Chairman shall be Rs. 1,50,000/- (Rupees One Lakhs Fifty Thousand Only).
29. **Mr Rajmohan R.** having address at Rajbhavan, HS 514/12/1and 175A, Krishnapuram, 6th street, Ollukkara PO, Thrissur, Kerala, 680655, email: rajmohanip@gmail.com is appointed as the **Scrutinizer** for all the meetings. He shall be paid a fee of Rs. 75,000/- (Rupees Seventy Five Thousand Only).
30. The fees to the Chairman and Scrutinizer exclude the applicable taxes, out-of-pocket expenses, travelling expenses, etc., which shall also be borne by the Applicant Companies.
31. The Chairman and Scrutinizer are directed to submit their consent within 10 (ten) days of receipt of this order.
32. The quorum for the aforesaid meetings shall be as prescribed under section 103 of the Act.
33. Notice to the convening of the said meetings, indicating the day, date, place, and time, as aforesaid, shall be published in the '**The Hindu Business Line**' English daily and '**Mathrubhumi**' Malayalam daily, 30 days before the date of meetings. The publication shall indicate the time within which copies of the scheme shall be made available to the concerned persons free of charge from the respective registered office of the Applicant Companies. The publication shall also indicate that the



IN THE NATIONAL COMPANY LAW TRIBUNAL
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M/s. Kltex Childrenswear Limited & M/s Kltex Garments Limited

statement is required to be furnished according to Section 102 of the Act.

34. In addition, at least one month before the date of the meetings to be held as aforesaid, a notice convening the said meetings, indicating the day, date, place, and time, as aforesaid, together with a copy of the scheme, a copy of the statement required to be furnished under section 102 of the Act read with Sections 230 to 232 and Rule 6 of the Companies(CAA) Rules, shall be at their respective registered or last known addresses either by registered post or speed post, e-mail, by courier or by hand delivery.
35. It is further directed that along with the notice, the Applicant Companies shall also send a statement explaining the effect of the Scheme on the Creditors, key managerial personnel, promoters and non-promoter members etc., along with effect of the Scheme of Arrangement and Demerger on any material interests of the Directors of the Company, as provided under sub-section 3 of Section 230 of the Act.
36. The Chairman shall file an affidavit not less than 7(seven) days before the date fixed for the holding of the meetings for compliances to be made as required under the law.
37. The Chairman shall be responsible for reporting the result of the meeting to the Tribunal in Form No. CAA 4, as per Rule 14 of the Companies (Compromises, Arrangement and Amalgamation) Rules, 2016 within ten days of the conclusion of the meeting.



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M/s. KiteX Childrensweat Limited & M/s KiteX Garments Limited

38. The notices are to be served to the sectoral regulators/authorities under Section 230(5) of the Companies Act, 2013 as aforesaid shall contain all the disclosures as mentioned in Rule 6(3) of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016, irrespective of the fact that meetings have been dispensed with.
39. The Applicant Companies shall serve notices upon the Regional Director, Ministry of Corporate Affairs; Registrar of Companies; Income Tax Department, Sales Tax Department, Customs Department, Employees State Insurance and Employees Provident Fund Authorities within whose jurisdiction the assessments of the Applicant Companies are made; the Official Liquidator; the Reserve Bank of India, Goods and Services Tax Department, Securities and Exchange Board of India, the Competition Commission of India; according to Section 230(5) of the Companies Act, 2013 read with Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, so that timely and proper response may be filed. Representations, if any, made by them shall be sent to the Tribunal within 30 days from the date of receipt of such notice, and a copy of such representation shall simultaneously be sent to the concerned company, failing which, it shall be presumed that they have no objection to the proposed Scheme of Demerger. The Applicant Companies shall file an affidavit proving service of notices and compliance reports of the above-said directions contained herein with the Registry of this Tribunal.
40. Failure to comply with the above directions, this order for dispensing



IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH

CA(CAA)/01/KOB/2026

M/s. Kitex Childrenswear Limited & M/s Kitex Garments Limited

with the meeting of the Members/Shareholders, secured and unsecured creditors of the Applicant Companies shall stand cancelled automatically.

41. All the aforesaid directions are to be complied with by the Applicants strictly by following the applicable laws including forms and formats contained in the Companies (Compromises, Arrangements, Amalgamations) Rules, 2016 as well as the provisions of the Companies Act, 2013.
42. The Applicant Companies are directed to present a Petition to this Tribunal in Form No. CAA-5 for sanction of the Scheme of Demerger.
43. Accordingly, this Company Application bearing No. **CA(CAA)/01/KOB/2026** stands **allowed**.
44. The Registry is hereby directed to send e-mail copies of this order forthwith to the parties, their Learned Counsel, the Chairman and the Scrutinizer for information and to take necessary steps.
45. Let the certified copy of this order be issued, if applied for, upon compliance with requisite formalities.

Sd/-
VINAY GOEL
(MEMBER JUDICIAL)

Signed on this the 22nd day of January, 2026.

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Certified to be True Copy



[Signature]
Assistant Registrar
National Company Law Tribunal
KOCHI BENCH
Kochi - 682 021

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)



A handwritten signature in black ink, appearing to be "S. S. S.", written over a faint circular stamp.

A handwritten signature in black ink, appearing to be "J. J.", written over a faint circular stamp.



GENERAL

I. PURPOSE OF SCHEME

1. This Scheme (defined herein) between Kitex Childrensweat Limited (hereinafter referred to as "Demerged Company") and Kitex Garments Limited (hereinafter referred to as "Resulting Company") and their respective shareholders and creditors is presented under Sections 230 and 232 and other relevant provisions of the Companies Act, 2013.
2. The Scheme provides *inter-alia* for:
 - (i) the demerger of Demerged Undertaking (as defined below) of the Demerged Company into Resulting Company;
 - (ii) the consequent issuance of the New Equity Shares (as defined below) by Resulting Company to the equity shareholders of the Demerged Company; and
 - (iii) matters consequential or connected therewith;

pursuant to Sections 230 to 232 of the Act and other applicable provisions thereof read with Section 2(19AA) of the IT Act (as defined below) and the SEBI Scheme Circular (as defined below).

II. BACKGROUND OF COMPANIES

- i. The Demerged Company is an unlisted public limited company incorporated under Companies Act, 1956 with the name 'Kitex Exports Limited' on 26 April 1991. Later the name of the company has been changed to 'Kitex Childrensweat Limited' with effect from 30 March 2005. The Corporate Identity Number (CIN) is U18101KL1991PLC006048. The registered office is at Building No. 494, Kizhakkambalam, Vilangu P.O., Aluva, Cochin, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561. The Demerged Company is primarily engaged in apparel business specialized in premium infantsweat and childrensweat. The Demerged Company is holding 3,17,57,466 equity shares in Resulting Company as on 31 January 2025 it constitutes 15.92% of the paid-up capital of the Resulting Company.
- ii. The Resulting Company is a listed public limited company, incorporated under Companies Act, 1956 with the name Kitex Garments Limited on 29 May 1992. The Corporate Identity Number (CIN) is L18101KL1992PLC006528. The registered office is at Building No. VI/496, Kizhakkambalam, Vilangu P.O., Aluva, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561. The equity shares of the Resulting Company are listed on the Stock Exchanges (as defined below) The Resulting Company is primarily engaged in the business of manufacturers, dealers, importers, exporters, buyers, sellers, merchants of all kinds of textile items such as Fabrics, Garments and wearing apparels. Kitex Garments Limited is the world's second-largest manufacturer of cotton and



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organic cotton ready-to-wear garments for infants and children aged 0-24 months.

III. RATIONALE FOR THE SCHEME

The Demerged Company is *inter-alia* engaged in two business verticals, namely Textile Business Division (defined herein) and Remaining Business (defined herein). The nature of risks, returns, growth and competition involved in each such undertaking are distinct and requires attribution of dissimilar technical and managerial focus. The segregation of Textile Business Division of the Demerged Company would allow the management to effectively cater to the independent growth plans (both through organic and inorganic means) by enabling access to availability of increased resources. Moreover, the Resulting Company is engaged in the similar business and a pioneer in the said field. The Board of Directors (defined herein) of the Demerged Company and the Resulting Company believe the following benefits to accrue pursuant to the demerger of the Textile Business Division (Demerged Undertaking) of the Demerged Company into the Resulting Company:

- (i) The demerger would facilitate focused growth, operational efficiencies, business synergies and increased customer focus in relation to the Textile Business Division
- (ii) Each business would be able to address independent business opportunities, pursue efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders.
- (iii) Combining similar business activities under a single entity shall optimize business operations, achieve economies of scale, create operational efficiency, common pool of production and better utilisation of resources
- (iv) facilitating the pursuit of scale and independent growth plans (organically and inorganically) with more focused management, flexibility and liquidity for the shareholders;
- (v) insulating and de-risking the businesses from one another;
- (vi) unlocking value for the over-all business portfolio through better price discovery of individual platforms. Consequently, the proposed restructuring is expected to open-up windows to unlock value through potential divestments and acquisitions to achieve the scale of business in respective subsidiaries as well;
- (vii) providing scope for mitigation of overlapping services and enhancing the focus on independent business growth strategies and expansion for each of the business undertakings.

In view of the aforesaid, the Board of Directors of the Demerged Company and Resulting Company have formulated this Scheme of Arrangement under the



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provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

IV. OPERATION OF THE SCHEME

- (i) Demerged Undertaking of the Demerged Company are proposed to be demerged and transferred to Resulting Company to achieve the objectives above, pursuant to Sections 230 to 232 of the Act, other applicable provisions thereof, Section 2(19AA) of the IT Act and the SEBI Scheme Circular.
- (ii) As consideration for the demerger of Demerged Undertaking, Resulting Company shall issue and allot New Equity Shares to the equity shareholders of the Demerged Company based on Share Entitlement Ratio in proportion to their shareholding in the Demerged Company.
- (iii) The demerger of the Demerged Undertaking in accordance with this Scheme shall take effect from the Appointed Date in accordance with Section 2(19AA) of the IT Act, such that:
 - (a) all the properties of the Demerged Undertaking as on the Appointed Date shall be transferred to and become the properties of Resulting Company, by virtue of this Scheme;
 - (b) all the liabilities relating to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of Resulting Company, by virtue of this Scheme;
 - (c) all the properties and the liabilities relating to the Demerged Undertaking shall be transferred to Resulting Company, at the value appearing in the books of accounts of the Demerged Company immediately before the demerger;
 - (d) Resulting Company shall issue, in consideration of the demerger of the Demerged Undertaking, New Equity Shares, to the equity shareholders of the Demerged Company as on the Record Date based on Share Entitlement Ratio on a proportionate basis, in accordance with this Scheme;
 - (e) all the equity shareholders of the Demerged Company as on the Record Date shall become the equity shareholders of Resulting Company by virtue of the demerger of the Demerged Undertaking to Resulting Company;
 - (f) the transfer of the Demerged Undertaking to Resulting Company shall be on a going concern basis; and
 - (g) the demerger of the Demerged Undertaking shall be in accordance with the conditions, if any, notified by the Central Government in this behalf.



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- (iv) If any terms of the Scheme are found or interpreted to be inconsistent with Section 2(19AA) of the IT Act, at a later date, including resulting from an amendment of law or for any other reason, Section 2(19AA) of the IT Act shall prevail and the Scheme shall be modified, in accordance with Clause 21 to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modifications shall however not affect the other parts of the Scheme.

V. PARTS OF THE SCHEME

The Scheme is divided into following parts:

- (i) **Part A** - dealing with definitions of the terms used in this Scheme of Arrangement, Interpretations and setting out the share capital of the Demerged Company and the Resulting Company;
- (ii) **Part B** - dealing with the transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company;
- (iii) **Part C** - dealing with the consideration for the demerger of Demerged Undertaking and the respective accounting treatment.
- (iv) **Part D** - dealing with the general terms and conditions applicable to this Scheme of Arrangement and other matters consequential and integrally connected thereto.

PART A

DEFINITIONS, INTERPRETATIONS OF THE SCHEME AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless repugnant to the context, the following expressions shall have the following meaning:

- 1.1 "Act" means the Companies Act, 2013, ordinances, rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof, from time to time
- 1.2 "Applicable Law" means all applicable statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force;
- 1.3 "Appointed Date" means April 01, 2025, or such other date as may be fixed or approved by the Hon'ble NCLT (defined herein) or any other appropriate authority.



- 1.4 "Board of Directors" or "Board" means the board of directors of the Demerged Company or the Resulting Company, as the case may be, and shall include a duly constituted committee thereof.
- 1.5 "Demerged Company" means KITEX CHILDRENSWEAR LIMITED (CIN: U18101KL1991PLC006048), a company incorporated under the Companies Act, 1956, and having its registered office at Building No. 494, Kizhakkambalam, Vilangu P.O., Aluva, Cochin, Vilangu, Ernakulam, Kunnathurad, Kerala, India, 683561.
- 1.6 "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, as a going concern, including without limitation:
- (a) All the assets and properties (movable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) forming part of the Textile Business Division of the Demerged Company, whether situated in India or abroad, including without limitation, all the, plant and machinery, equipment, , offices, furniture, fixtures, capital work-in-progress, office equipment, appliances, accessories, deposits, all stocks, assets, investment in equity shares of Kitex Apparel Parks Limited and Kitex USA LLC, cash balances or deposits with banks, loans, advances, disbursements, contingent rights or benefits, book debts, receivables, actionable claims, sundry debtors, earnest moneys, advances or deposits paid by the Textile Business Division, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons of the Textile Business Division, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, know how, goodwill, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including, title, interests, other benefits (including tax benefits/ tax credits), easements, privileges, liberties, mortgages, hypothecations, pledges or other security interests created and belongs to the Textile Business Division and advantages of whatsoever nature and wherever situated, in India or abroad, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by Textile Business Division of the Demerged Company or in connection with or relating to Textile Business Division of the Demerged Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by



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Textile Business Division of the Demerged Company, whether in India or abroad;

- (b) All permits, quotas, rights, entitlements, industrial and other licenses, contracts, agreements, bids, tenders, letters of intent, expressions of interest, memorandums of understanding, offer letters, approvals, consents, subsidies, privileges, lease rights, other benefits (including tax benefits), incentives, deductions, exemptions, rebates, allowances, amortization, credits (including tax credits), Minimum Alternate Tax Credit ("MAT Credit"), dividend distribution tax credit, Foreign Tax Credit, tax deducted at source, tax collected at source and advance tax payment, entitlement if any, tax losses and exemptions in respect of the profits of the Textile Business Division of the Demerged Company, all other rights including sales tax deferrals and exemptions and other benefits, the input credit balances (including, State Goods & Service Tax ("SGST"), Integrated Goods and Services Tax ("IGST") and Central Goods and Service Tax ("CGST") credits under the Goods and Service Tax ("GST") laws, CENVAT/ MODVAT credit balances under Central Excise Act, 1944, sales tax law, duty drawback claims, rebate receivables, refund and advance, all customs duty benefits and exemptions, export and import incentives and benefits or any other benefits/ incentives/ exemptions/ given under any policy announcements issued or promulgated by the government of India or state government or any other government body or authority or any other like benefits under any statute receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Textile Business Division of the Demerged Company, whether or not so recorded in the books of accounts of the Demerged Company;
- (c) all liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), borrowings, sundry creditors, liabilities, duties and obligations (including deferred tax liabilities, contingent liabilities and the liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in Rupees or foreign currency, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Demerged Company which belongs to the Textile Business Division;
- (d) All trade and service names and marks, brands, patents, copyrights, goodwill, designs and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or



electronic form relating to the business activities and operations of the Textile Business Division of the Demerged Company

- (e) all agreements, rights, contracts (including but not limited to vendor contracts), entitlements, permits, licenses, approvals, authorisations, concessions, consents, quota rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the business activities and operations of Textile Business Division of the Demerged Company;
- (f) All staff and employees and other obligations of whatsoever kind, including liabilities pertaining to the Textile Business Division of the Demerged Company with regard to its employees, with respect to the payment of gratuity, superannuation, pension benefits and the provident fund or compensation or benefits, if any, in the event of resignation, death, voluntary retirement or retrenchment or otherwise; and
- (g) Any statutory licenses, permissions, registrations or approvals or consents held by the Textile Business Division of the Demerged Company required to carry on such operations.
- (h) all intellectual property rights, records, files, papers, computer programs, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the business activities and operations of the Textile Business Division of the Demerged Company.

Any question that may arise as to whether a specified asset, benefit, liability, contract or obligation pertains to or not pertains to the Textile Business Division or whether it arises out of the activities or operations of the Textile Business Division shall be decided by the Board of Directors of the Demerged Company and Resulting Company or any committee thereof by mutual agreement.

It is clarified that the Demerged Undertaking shall not include any assets (whether movable or immovable), liabilities, rights, and obligations belongs to and forming part of the Remaining Business.

- 1.7 "Effective Date" means the last of the dates on which the certified true copies of the order of the Tribunal sanctioning the Scheme are filed with the Registrar of Companies, Kochi by both the companies.

Any references in the Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme taking effect" shall mean the Effective Date.

- 1.8 "Encumbrance" means any mortgage, pledge, equitable interest, assignment by way of security, conditional sales contract, hypothecation, right of other persons, claim, security interest, title defect, title retention agreement, voting trust agreement, interest, option, lien, charge, commitment, restriction or limitation of



any nature whatsoever, including restriction on use, voting rights, transfer, receipt of income or exercise of any other attribute of ownership, right of set off, any arrangement (for the purpose of, or which has the effect of, granting security), or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise to create any of the same and the term "Encumbered" shall be construed accordingly;

- 1.9 "Governmental Approval" means any approval but not limited to permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations as may be required pursuant to Applicable Laws for conduct of business by any of the companies party to this Scheme or required for effecting this Scheme;
- 1.10 "Government Authority" means the Central Government, any applicable State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, Board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.
- 1.11 "IT Act" means the Income Tax Act, 1961, and shall include rules, regulations and any statutory modifications, re-enactment or amendment thereof and to the extent in force;
- 1.12 "Intellectual Property Rights" means
- a) copyright, patents, brands, manufacturing process, database rights and rights in trademarks, designs, know-how and confidential information (whether registered or unregistered);
 - b) applications for registration, and rights to apply for registration, of any of the foregoing rights; and
 - c) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;
- 1.13 "Listing Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any statutory modifications, re-enactment or amendment thereof and to the extent in force;
- 1.14 "MAT" means Minimum Alternate Tax;
- 1.15 "National Company Law Tribunal" or "NCLT" or "Tribunal" means the National Company Law Tribunal, Kochi Bench, Kerala, as constituted and authorized as per the applicable provisions of the Companies Act, 2013 and the proceedings initiated under Section 230 to 232 of the Companies Act, 2013;
- 1.16 "New Equity Shares" shall have the meaning ascribed to the term in Clause 13.2
- 1.17 "Record Date" means the date to be fixed by the Board of Directors of the Demerged Company in consultation with the Board of Directors of the Resulting Company or a committee of / person duly authorized by the Board of Directors of the Resulting Company, for the purpose of determining the shareholders



Demerged Company, who shall be entitled to receive equity shares of the Resulting Company.

- 1.18 **"Remaining Business"** means all the undertakings, business, operations and activities, including investment in shares of Resulting Company, land and buildings, investment in shares of subsidiary companies, advances paid to subsidiary companies and all other assets and liabilities of the Demerged Company, excluding the Demerged Undertaking, retained by the Demerged Company.
- 1.19 **"Resulting Company"** means KITEX GARMENTS LIMITED (CIN: L18101KL1992PLC006828), a company incorporated under the Companies Act, 1956 and having its registered office at Building No. VI/496, Kizhakkambalam, Vilangu P.O., Aluva, Vilangu, Ernakulam, Kurnathurad, Kerala, India, 683561.
- 1.20 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement in its present form or with any modification(s) made under Clause 21 of this Scheme, as approved or imposed by the Board of Directors of the Demerged Company and the Resulting Company or by the shareholders or creditors and/ or as directed by the Tribunal or any other appropriate authority
- 1.21 **"Sanction Order"** means the order of the NCLT sanctioning this Scheme.
- 1.22 **"SEBI"** means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992;
- 1.23 **"SEBI Master Circular"** means collectively the SEBI master circular bearing no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 'Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957' dated June 20, 2023, as amended from time to time or any other circulars issued by SEBI applicable to schemes of arrangement from time to time.
- 1.24 **"Share Entitlement Ratio"** shall have the meaning ascribed to the term in Clause 13.1
- 1.25 **"Stock Exchanges"** means the BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'), where the shares of Resulting Company are listed;
- 1.26 **"Taxation" or "Tax" or "Taxes"** means all forms of taxes and statutory, governmental, state, provincial, local government or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax, goods and service tax or otherwise or attributable directly or primarily to the Demerged Company and the Resulting Company or any other person and all penalties, charges, costs and interest relating thereto;



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- 1.27 "Tax Laws" means all applicable laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, excise duty, customs duty or any other levy of similar nature;

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them in the Act or other applicable laws, as the case may be.

2. INTERPRETATIONS OF THE SCHEME

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

3. SHARE CAPITAL

3.1 Demerged Company

The authorised share capital and the issued, subscribed and paid-up capital of the Demerged Company as at March 31, 2024, was as follows:

AUTHORISED SHARE CAPITAL	AMOUNT (Rs.)
10,00,000 Equity Shares of Rs. 100/- each	10,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	AMOUNT (Rs.)
9,49,905 Equity Shares of Rs. 100/- each	9,49,90,500

Subsequent to March 31, 2024 there has been no change in the share capital of Demerged Company.

3.2 Resulting Company

The authorised share capital and the issued, subscribed and paid-up capital of the Resulting Company as at March 31, 2024, was as follows:

AUTHORISED SHARE CAPITAL	AMOUNT (Rs.)
25,00,00,000 Equity Shares of Re.1/- each	25,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	AMOUNT (Rs.)
6,65,00,000 Equity Shares of Re.1/- each	6,65,00,000

Subsequent to March 31, 2024, the issued and paid-up capital of the Resulting Company has been increased by way of issue of Bonus Shares in the ratio of 2:1 on January 20, 2025. Thus, as on January 31, 2025, the Issued, Subscribed and Paid-Up Capital of the Resulting Company stood as follows:



AUTHORISED SHARE CAPITAL	AMOUNT (Rs.)
25,00,00,000 Equity Shares of Re.1/- each	25,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	AMOUNT (Rs.)
19,95,00,000 Equity Shares of Re.1/- each	19,95,00,000

Subsequent to January 31, 2025, there has been no change in the share capital of the Resulting Company.

The equity shares of the Resulting Company are listed on the BSE Limited and the National Stock Exchange of India Limited. The shares of the Demerged Company are not listed with any stock exchanges, whether in India or in any other country.

4. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Hon'ble Tribunal or any other appropriate authority shall be effective from the Appointed Date but shall be operative from Effective Date.

PART B

TRANSFER AND VESTING OF DEMERGED UNDERTAKING OF THE DEMERGED COMPANY INTO THE RESULTING COMPANY

5. TRANSFER AND VESTING OF DEMERGED UNDERTAKING

Upon the Scheme becoming effective and with effect from the Appointed Date, Demerged Undertaking shall, in accordance with Section 2(19AA) of the IT Act and pursuant to Sections 230 to 232 and other applicable provisions of the Act, and pursuant to the Sanction Order, without any further act, instrument or deed, be demerged from the Demerged Company and stand transferred to and vested in or be deemed to be transferred to and vested in Resulting Company as a going concern in the manner set out below.

6. TRANSFER OF ASSETS

- 6.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, and subject to this Scheme in relation to the mode of transfer and vesting of Demerged Undertaking and the applicable provisions of the Act, Demerged Undertaking shall, without any further act, instrument or deed, be demerged from the Demerged Company and shall stand transferred to and vested in, and/or be deemed to have been demerged and stand transferred to and vested in Resulting Company on a going concern basis, so as to become on and from the Appointed Date, the estate, assets, rights, claims, investments, title, interest and authorities of Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions, pursuant to



Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(19AA) of the IT Act.

- 6.2 Without prejudice to the generality of Clause 5 and Clause 6.1 above upon coming into effect of this Scheme and on and from the Appointed Date:
- 6.2.1 Demerged Undertaking including all its assets, properties, investments in equity shares of Kitex Apparel Parks Limited and Kitex USA LLC, claims, title, interest, assets of whatsoever nature such as licenses and all other rights, title, interest, contracts or powers of every kind, nature and description of what so ever nature and where so ever situated shall, pursuant to Sections 230 to 232 and other applicable provisions, if any, of the Act, and pursuant to the Sanction Order and without further act or deed or instrument, but subject to the Encumbrances affecting the same as on the Appointed Date, be and stand transferred to and vested in Resulting Company as a going concern.
- 6.2.2 With respect to the assets forming part of Demerged Undertaking that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/or delivery, including but not limited to shares, marketable instruments and other marketable securities, cash and cash balances, units of mutual funds, the same may be so transferred pursuant to Sections 230-232 of the Act or be deemed to be transferred by delivery or possession or by endorsement and delivery by the Demerged Company without any further act or execution of an instrument with the intent of vesting such assets with Resulting Company and shall become the property and assets of Resulting Company as an integral part of Demerged Undertaking subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and / or financial institutions.
- 6.2.3 Without prejudice to the generality of the aforesaid, Demerged Undertaking, including properties forming part thereof, whether or not included in the books of the Demerged Company, whether leasehold or licensed properties (including but not limited to rights, interest, right of way and easements in relation thereto) of Demerged Undertaking shall stand transferred to and be vested in Resulting Company or be deemed to be transferred to and be vested in Resulting Company automatically without any act or deed to be done or executed by the Demerged Company and/or Resulting Company. All lease or license or rent agreements pertaining to Demerged Undertaking, entered into by the Demerged Company with various landlords, owners and lessors in connection with the use of the assets of the Demerged Company, together with security deposits, shall stand automatically transferred in favour of Resulting Company on the same terms and conditions, without any further act, instrument or deed. Resulting Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Demerged Company. For the purpose of giving effect to the vesting order passed under Sections 230 to 232 of the Act in respect of this Scheme, Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all Taxes and charges and fulfil all its obligations in relation to or applicable to all such



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properties, including mutation and/or substitution of the ownership or the title to, or interest in the properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of Resulting Company pursuant to the Sanction Order and upon the effectiveness of this Scheme in accordance with the terms hereof without any further act or deed to be done or executed by the Demerged Company and / or Resulting Company. It is clarified that Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary for the purposes of the aforesaid mutation and/or substitution.

- 6.2.4 Notwithstanding any provision to the contrary, from the Effective Date and until the leasehold property and related rights thereto, license/right to use such immovable property, tenancy rights, liberties and special status of Demerged Undertaking are transferred, vested, recorded effected and / or perfected, in the records of the Appropriate Authority, in favour of Resulting Company, Resulting Company is deemed to be authorised to carry on businesses under the relevant agreement, deed, lease and/or license, as the case may be. Resulting Company shall execute necessary documents such as lease deed, rental agreements etc with the Demerged Company to carry on the business of the Demerged Undertaking without interruption.
- 6.2.5 With respect to the movable assets pertains to the Demerged Undertaking other than those referred to in Clause 6.2.2, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with any Appropriate Authorities or any other bodies and / or customers or any other Person, if any, forming part of Demerged Undertaking, whether recoverable in cash or in kind or for value to be received, bank balances, etc., and whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and vested in and / or be deemed to be transferred to and vested in Resulting Company on the Appointed Date pursuant to Sections 230 to 232 of the Act to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to Resulting Company, and that appropriate entries shall be passed in their respective books to record the aforesaid change, without any requirement for notice or other intimation to such debtors, depositors or Persons as the case may be. Resulting Company may, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in Resulting Company and be paid or made good or held on account of Resulting Company as the Person entitled thereto.
- 6.2.6 All Intellectual Property and rights thereto of the Demerged Company, whether registered or unregistered, along with all rights of commercial nature including attached goodwill, title, interest, and all other interests relating to the goods or services being dealt with by the Demerged Company in relation to Demerged Undertaking shall be transferred to, and vest in, Resulting Company.



- 6.2.7 All assets, estate, rights, title, interest and authorities acquired by the Demerged Company on or after the Appointed Date and prior to the Effective Date forming part of Demerged Undertaking shall also stand transferred to and vested or be deemed to have been transferred to or vested in Resulting Company upon the coming into effect of this Scheme without any further act, instrument or deed.
- 6.3 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of Demerged Undertaking occurs by virtue of this Scheme, Resulting Company may, at any time on or after the Effective Date, in accordance with the provisions hereof or if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any Contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to this Scheme. Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.
- 6.4 Upon the Effective Date and with effect from the Appointed Date, in relation to assets, if any, which require separate documents for vesting in Resulting Company, or which the Demerged Company and/or Resulting Company otherwise desire to be vested separately, the Demerged Company and Resulting Company may execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- 6.5 In so far as the various incentives, Tax exemptions and benefits, Tax credits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority, or availed of by the Demerged Company, in relation to or in connection with Demerged Undertaking as on the Appointed Date are concerned, including income tax deductions recognitions and exemptions, the same shall, without any further act or deed, vest with and be available to Resulting Company on the same terms and conditions on and from the Appointed Date.
- 6.6 Without prejudice to the other provisions of this Scheme, with respect to the investments made by the Demerged Company in shares, stocks, bonds, warrants, units of mutual funds or any other marketable securities, shareholding interests in other companies, whether quoted or unquoted, by whatever name called, forming part of Demerged Undertaking, the same shall, without any further act, instrument or deed, upon the Effective Date and with effect from the Appointed Date, be transferred to and vested in and / or be deemed to be transferred to and vested in Resulting Company on the Appointed Date pursuant to Sections 230 to 232 of the Act.
- 6.7 It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies etc., in relation to or in connection with Demerged Undertaking, the Demerged Company shall if so required by Resulting Company, issue notices in such form as Resulting Company may deem fit and proper stating that pursuant



to the Sanction Order under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same, stands transferred to Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

- 6.8 Any claims due to the Demerged Company from its customers or otherwise and which have not been received by the Demerged Company as on the date immediately preceding the Appointed Date as the case may be, in relation to or in connection with Demerged Undertaking, shall also belong to and be received by Resulting Company.
- 6.9 On and from the Effective Date and thereafter, Resulting Company shall be entitled to operate all bank accounts of the Demerged Company, which are being operated exclusively in relation to or in connection with Demerged Undertaking, and realize all monies and complete and enforce all pending Contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with Demerged Undertaking in the name of Resulting Company in so far as may be necessary until the transfer of rights and obligations of Demerged Undertaking to Resulting Company under this Scheme have been formally given effect to under such Contracts and transactions.
- 6.10 For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with Demerged Undertaking, have been replaced with that of Resulting Company, the Resulting Company shall be entitled to operate the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Demerged Company in so far as may be necessary. All cheques and other negotiable instruments, electronic fund transfers (such as NEFT, RTGS, etc.) and payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with Demerged Undertaking, after the Appointed Date shall be accepted by the bankers of Resulting Company and credited to the account of Resulting Company, if presented by Resulting Company. Resulting Company shall be allowed to maintain bank accounts in the name of the Demerged Company for such time as may be determined to be necessary by Resulting Company for presentation and disposition of cheques and pay orders that have been issued in the name of the Demerged Company, in relation to or in connection with Demerged Undertaking. It is hereby expressly clarified that any Legal Proceedings by or against the Demerged Company, in relation to or in connection with Demerged Undertaking, in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company shall be instituted, or as the case may be, continued by or against Resulting Company after the Effective Date.



7. **TRANSFER OF LIABILITIES AND ENCUMBRANCES**

- 7.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, all the Liabilities of the Demerged Undertaking as on the Appointed Date shall, without any further act or deed be and stand transferred to and be deemed to be transferred to Resulting Company to the extent that they are outstanding as on the Effective Date and shall thereupon become on and from the Appointed Date (or in case of any Transferred Liabilities incurred on a date on or after the Appointed Date, with effect from such date), the liabilities of Resulting Company, along with any charge, Encumbrance, lien, security, relating thereto, on the same terms and conditions as were applicable to the Demerged Company and Resulting Company shall meet, discharge and satisfy the same to the exclusion of the Demerged Company such that the Demerged Company shall in no event be responsible or liable in relation to any such Transferred Liabilities.
- 7.2 Upon the Effective Date, the borrowing limits of Resulting Company in terms of Section 180(1)(c) of the Act, shall, without any requirement of any further act or deed, stand enhanced by an amount being the aggregate borrowings forming part of the Transferred Liabilities which are being transferred to Resulting Company pursuant to this Scheme and Resulting Company shall not be required to pass any separate resolution in this regard. Such limits shall be incremental to the existing borrowing limits of Resulting Company.
- 7.3 Where any of the Liabilities of the Demerged Undertaking have been partially or fully discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of Resulting Company, and all liabilities and obligations incurred by the Demerged Company for the operations of Demerged Undertaking which form a part of the Demerged Company after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of Resulting Company, and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to Resulting Company and shall become the liabilities and obligations of Resulting Company. It shall not be necessary to obtain the consent of any third party or other Person who is a party to any Contract or arrangement by virtue of which such debts, obligations, duties and liabilities have arisen in order to give effect to this Clause 7.
- 7.4 Upon the coming into effect of this Scheme and with effect from the Appointed Date, save as agreed in writing between the Demerged Company and Resulting Company: (i) the Demerged Company alone shall be liable to perform all obligations in respect of all debts, liabilities, duties and obligations pertaining to the Remaining Business, and Resulting Company shall not have any obligations in respect of the debts, liabilities, duties and obligations of the Remaining Business; and (ii) Resulting Company alone shall be liable to perform all obligations in respect of liabilities transferred under this Scheme, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such liabilities transferred under this Scheme.



- 7.5 The vesting of Demerged Undertaking as aforesaid, shall be subject to the existing Encumbrances, if any, subsisting in relation to any such liabilities transferred under this Scheme, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the assets of the Demerged Undertaking have been or are offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as a reference to only the assets pertaining to Demerged Undertaking as are vested in Resulting Company as per the provisions of this Scheme, to the end and intent that any such Encumbrance shall not extend or be deemed to extend to any of the other assets of the Demerged Company or any of the other assets of Resulting Company. Provided further, that the Encumbrances (if any subsisting) over and in respect of the assets or any part thereof of Resulting Company shall continue with respect to such assets or part thereof and the provisions of this Scheme shall not operate to enlarge such Encumbrances. If any of the assets comprised in Demerged Undertaking which are transferred to Resulting Company pursuant to the provisions of this Scheme have not been Encumbered in respect of the transferred liabilities, such assets shall remain unencumbered, and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the transferred liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to Resulting Company, pursuant to the provisions of this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.
- 7.6 If any Encumbrance of the Demerged Company for the operations of Demerged Undertaking exists as on the Appointed Date, but has been partially or fully released thereafter by the Demerged Company on or after the Appointed Date but prior to the Effective Date, such release shall be deemed to be for and on account of Resulting Company upon the coming into effect of the Scheme and all Encumbrances incurred by the Demerged Company for the operations of Demerged Undertaking on or after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of Resulting Company, and such Encumbrances shall not attach to any property of the Demerged Company.
- 7.7 Subject to the other provisions of this Scheme, in so far as the assets forming part of Demerged Undertaking are concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings or debentures or other debt or debt securities of the Demerged Company pertaining to the Remaining Business shall, as and from the Effective Date, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as Encumbrances in relation to liabilities of the Demerged Company pertaining to



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the Remaining Business which are not transferred to Resulting Company pursuant to the provisions of this Scheme.

- 7.8 In so far as the existing Encumbrances in respect of the loans and other liabilities relating to the Remaining Business are concerned, such Encumbrances shall, without any further act, instrument or deed be continued with the Demerged Company only on the assets relating to the Remaining Business and the assets forming part of Demerged Undertaking shall stand released therefrom.
- 7.9 Without any prejudice to the foregoing Clauses, the Demerged Company and Resulting Company shall enter into and execute such deeds, instruments, documents and / or writings and do all such acts as may be required, including obtaining necessary consents, filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies to give formal effect to the foregoing Clauses, if required.
- 7.10 Any reference in any security documents or arrangements (to which the Demerged Company is a party) to the Demerged Company and its assets and properties, which relate to Demerged Undertaking, shall be construed as a reference to Resulting Company and the assets and properties of the Demerged Company transferred to Resulting Company by virtue of the Scheme. The provisions of this Clause 7.10 shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue of any security document, all of which instruments, deeds or writings shall stand modified and/ or suspended by the foregoing provisions.

8. STAFF, WORKMEN & EMPLOYEES

- 8.1 On the Scheme becoming effective, all staff, workmen and employees of the Demerged Company pertaining to the Demerged Undertaking in service as on Effective Date shall be deemed to have become staff, workmen and employees of the Resulting Company, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to their employment with the Demerged Company.
- 8.2 The Resulting Company further agrees that for the purpose of provident fund or superannuation or payment of any other retirement or termination benefit/compensation or other statutory purposes, the services of such employees will be reckoned from the date of their respective appointments with Demerged Company. Any question that may arise as to whether any employee belongs to or does not belong to the Demerged Undertaking shall be decided jointly by the Board of Directors or their duly authorised Committees of the Demerged Company and Resulting Company.
- 8.3 The accumulated funds standing to the credit of the employees whose services are transferred under Clause 8.1 above, relating to superannuation, provident fund, gratuity fund or any other statutory or special fund or trusts created or existing



for the benefit of employees of the Demerged Company pertaining to the Demerged Undertaking shall be identified, determined and transferred to such fund/trust of the Resulting Company or other funds to be established and caused to be recognised by the concerned authorities by Resulting Company on the same terms and conditions as applicable to the funds of the Demerged Company in relation to the said employees. On and from the Effective Date, with effect from the Appointed Date, and subject to getting the Scheme approved by the relevant authorities, Resulting Company shall make the necessary contributions for such employees in relation to the funds. It is clarified that the services of the employees of the Demerged Company engaged in or in relation to the Demerged Undertaking of the Demerged Company shall be treated as having been continuous without any break, discontinuance or interruption for the purpose of the said funds.

- 8.4 It is the aim and intent of this Scheme that all the rights, duties, powers and obligations of the Demerged Undertaking in relation to such funds shall become those of the Resulting Company
- 8.5 Notwithstanding anything contained in this Clause, the Board of Directors of the Resulting Company in consultation with the Board of Directors of the Demerged Company, may devise and finalise suitable alternative mechanics for effecting transfer of employees and employee related benefits to the Resulting Company, with an overarching principle that the interest of the employees in terms of continuity.

9. **PERMITS, CONSENTS AND LICENSES**

- 9.1 All the licenses, Permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued to the Demerged Company, in relation to or in connection with Demerged Undertaking, pursuant to Sections 230 to 232 of the Act, shall without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to Resulting Company so as to become as and from the Appointed Date, the estates, assets, rights, title, interests and authorities of Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Law and the concerned licensors and grantors of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with Applicable Law, Resulting Company on such approvals, clearances, permissions etc. so as to facilitate the transfer and vesting of Demerged Undertaking in Resulting Company and continuation of operations forming part of Demerged Undertaking in Resulting Company without hindrance and that such approvals, clearances and permissions etc. shall remain in full force and effect in favour of or against Resulting Company, as the case may be, Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company and may be enforced as fully and effectually as if, instead of



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the Demerged Company, Resulting Company had been a party or recipient or beneficiary or obligee thereto. The Demerged Company and Resulting Company may execute necessary documentation to give effect to the foregoing, where required.

- 9.1 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, pre-qualifications, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to Demerged Undertaking, including by any Appropriate Authority, including the benefits of any applications made for any of the foregoing, shall, subject to Applicable Law, stand transferred to Resulting Company as if the same were originally given by, issued to or executed in favour of Resulting Company, and Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company. Resulting Company shall make necessary applications / file relevant forms to any Appropriate Authority as may be necessary in this behalf.
- 9.3 Upon this Scheme being effective, the past track record of the Demerged Company relating to Demerged Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of Resulting Company for all commercial and regulatory purposes including for the purposes of eligibility, standing, evaluation and participation of Resulting Company in all existing and future bids, tenders and Contracts of all authorities, agencies and clients.
- 9.4 Upon the Scheme shall coming to effect and until the licenses, Permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status are transferred, vested, recorded, effected, and / or perfected, in the record of the Appropriate Authority, in favour of Resulting Company, Resulting Company is authorised to carry on business in the name and style of the Demerged Company, in relation to or in connection with Demerged Undertaking, and under the relevant license and or Permit and/or approval, as the case may be, and Resulting Company shall keep a record and / or account of such transactions.

10. LEGAL PROCEEDINGS

If any suit, appeal or other proceeding of whatever nature by or against the Demerged Company in relation to or in connection with Demerged Undertaking are pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the arrangement by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Resulting Company, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.



11. **CONTRACTS, DEEDS, ETC., AND POWER TO GIVE EFFECT TO THIS PART**

- 11.1 Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments, if any, of whatsoever nature forming part of Demerged Undertaking to which the Demerged Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments.
- 11.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of Demerged Undertaking occurs by virtue of this Scheme itself, Resulting Company may, at any time after the coming into effect of the Scheme, in accordance with its provisions, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any Contract or arrangement to which the Demerged Company is a party, or any writings as may be necessary, in order to give formal effect to this Scheme. Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

12. **TAXATION MATTERS**

- 12.1 Any Tax liabilities under any law pertaining to Taxes to the extent not provided for or covered by the Tax provision in the Demerged Company's accounts, in relation to or in connection with Demerged Undertaking, made as on the date immediately preceding the Appointed Date shall be transferred to Resulting Company. Any surplus in the provision for Taxation / duties / levies / accounts as on the date immediately preceding the Appointed Date in relation to Demerged Undertaking will also be transferred to the account of and belong to Resulting Company. The Boards/Committee of the Demerged Company and Resulting Company shall be empowered to determine if any specific Tax liability or any Tax proceeding relates to Demerged Undertaking and whether the same would be transferred to Resulting Company.
- 12.2 Taxes, if any, paid or payable by the Demerged Company after the Effective Date and specifically pertaining to Demerged Undertaking shall be treated as paid or payable by Resulting Company and Resulting Company shall be entitled to claim the credit, refund or adjustment for the same, as may be applicable. However, to avoid administrative and procedural difficulties, the Demerged Company and Resulting Company may decide to discharge such obligations by either party acting in the representative capacity for and on behalf of the other and necessary accounting and book effects may be given for such transactions.



- 12.3 Upon the Effective Date, any Tax deposited, certificates issued or returns filed by the Demerged Company relating to the Demerged Undertaking shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by Resulting Company.
- 12.4 With effect from the Appointed Date, all deductions otherwise admissible to the Demerged Company in relation to or in connection with Demerged Undertaking including without limitation deduction admissible on actual payments or on deduction of appropriate Taxes or on payment of Tax deducted at source, claim for deduction of provisions written back by the Demerged Company previously disallowed under the IT Act in the hands of the Demerged Company, claim for debt or part of debt written off under Section 36(1)(vii) read with Section 36(2) of the IT Act, where such debt or part of the debt was offered to Tax by the Demerged Company, and claim for any deferred payments shall be eligible for deduction to Resulting Company in the same manner and to the same extent as would have been enjoyed, availed or utilised by the Demerged Company.
- 12.5 Without prejudice to the above, with effect from the Appointed Date, Resulting Company shall exclude items such as provisions, reversals, etc., for which no deduction or Tax benefit has been claimed by the Demerged Company prior to the Appointed Date.
- 12.6 Without prejudice to the generality of the above, various incentives, Tax exemptions and benefits, Tax credits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority or availed of by the Demerged Company, in relation to or in connection with Demerged Undertaking as on the Appointed Date shall without any further act or deed vest with and be available to Resulting Company on the same terms and conditions on and from the Appointed Date, if the Demerged Company is entitled to any unutilised credits or benefits under the state or central fiscal / investment incentive schemes and policies or concessions relating to the Demerged Undertaking under any Tax Law or Applicable Law, Resulting Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilised input credits of goods and service tax of the Demerged Company, the portion which will be attributed to the Demerged Undertaking and be transferred to Resulting Company shall be determined by the Board of the Demerged Company in accordance with the Applicable Law.
- 12.7 Any actions taken by the Demerged Company to comply with Tax Laws (including payment of Taxes, maintenance of records, payments, returns, Tax filings, etc.) in respect of Demerged Undertaking on and from the Appointed Date upto the Effective Date shall be considered as adequate compliance by the Demerged Company with such requirements under Tax Laws and such actions shall be deemed to constitute adequate compliance by Resulting Company with the relevant obligations under such Tax Laws.




- 12.8 Upon the Scheme becoming effective, the Demerged Company and Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws, and to claim refunds and/or credit for Taxes paid (including tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required to give effect to this Scheme.
- 12.9 Any refunds or credits, under the Tax Laws or other Applicable Laws/regulations dealing with Taxes / duties / levies due to Demerged Company relating to Demerged Undertaking consequent to the assessment made on Demerged Company (including any refund for which no credit is taken in the accounts of the Demerged Company) as on the date immediately preceding the Appointed Date shall also belong to and be received by Resulting Company upon this Scheme becoming effective. If any refund is received by the Demerged Company in relation to Demerged Undertaking, the Demerged Company shall transfer the same to Resulting Company and appropriate entries shall be passed in the respective books of the Demerged Company and Resulting Company to record it, and the Appropriate Authorities shall be bound to transfer to the account of and give credit for the same to Resulting Company upon the Scheme become effective and upon relevant proof and documents being provided to the said Appropriate Authorities.
- 12.10 The Tax payments (including but not limited to income tax, service tax, GST laws, excise duty, central sales tax, applicable state value added tax, etc.) whether by way of tax deducted at source, advance tax or otherwise howsoever, by the Demerged Company relating to Demerged Undertaking after the Appointed Date upto Effective Date, shall be deemed to be paid by Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 12.11 Further, any tax deducted at source by Demerged Company with respect to Demerged Undertaking on transactions with Resulting Company, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 12.12 Upon the Scheme coming into effect, any obligation of tax at source on any payment made by or to be made by the Demerged Company relating to Demerged Undertaking shall be made or deemed to have been made and duly complied with by Resulting Company.
- 12.13 Upon the Effective Date, all demands, claims, show cause notices, suits, actions, administrative proceedings, tribunal proceedings, Taxes and other related disputes resolution proceedings of whatsoever nature (including proceedings under the applicable GST law, however, excluding any proceedings under the provisions of the IT Act), by or against the Demerged Company, pending on the Effective Date relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against Resulting Company with effect from the Effective Date in the same



manner and to the extent as would or might have been continued and enforced by or against the Demerged Company. Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings or defend all such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.

- 12.14 Notwithstanding anything contained hereinabove, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and / or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with Resulting Company. However, if the Demerged Company is unable to get Resulting Company replaced in its place in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Board of Resulting Company and such cost shall be borne by Resulting Company and the latter shall reimburse the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

PART C

CONSIDERATION FOR DEMERGER OF THE DEMERGED UNDERTAKING AND RESPECTIVE ACCOUNTING TREATMENT

13. CONSIDERATION FOR DEMERGER

- 13.1 Upon the effectiveness of this Scheme and in consideration of the transfer and vesting of Demerged Undertaking into Resulting Company pursuant to provisions of this Scheme, Resulting Company shall, without any further act or deed, issue and allot equity shares to the equity shareholders of the Demerged Company, or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the Register of Members as on the Record Date in the following ratio:

"For every 100 (Hundred) equity shares of face and paid-up value of Rs. 100/- (Indian Rupees Hundred only) each held in the Demerged Company, 9,706 (Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Rs. 1/- (Indian Rupee One only) each of Resulting Company to be issued to the equity shareholders of the Demerged Company." (Share Entitlement Ratio)

- 13.2 The equity shares referred to in Clause 13.1 are hereinafter referred to as "New Equity Shares".
- 13.3 No New Equity Shares shall be allotted in respect of fractional entitlements by Resulting Company to which the equity shareholders of the Demerged Company may be entitled on allotment pursuant to this Scheme. If any equity shareholder



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of the Demerged Company is entitled to fractional entitlements on account of the Share Entitlement Ratio as applicable to him/ her/ it, subject to receipt of appropriate approvals, if any, Resulting Company shall consolidate such fractional entitlements and thereupon allot the New Equity Shares in lieu thereof to a trust to be constituted by Resulting Company in this regard, who shall hold the New Equity Shares in trust on behalf of the equity shareholders of the Demerged Company entitled to fractional entitlements with the express understanding that the trust shall sell the New Equity Shares so allotted on the Stock Exchanges at such time or times and at such price or prices and to such Person, as the trust deems fit (which sale shall be undertaken within 90 (ninety) days from the date of allotment of such New Equity Shares to the trust), and shall distribute the net sale proceeds, subject to Tax deductions and other expenses as applicable, to the equity shareholders of the Demerged Company in proportion to their respective fractional entitlements. In case the number of such New Equity Shares to be allotted to the trust by virtue of consolidation of fractional entitlements is a fraction, it shall be rounded off to the next higher integer.

- 13.4 The equity shares of the Resulting Company to be issued and allotted as provided shall be subject to the provisions of the Memorandum of Association and Articles of Association of Resulting Company, as the case may be, and shall rank *pari-passu* in all respects with any existing equity shares of Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of Resulting Company.
- 13.5 The issue and allotment of the equity shares of the Resulting Company in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under Section 62, Section 42 and any other applicable provisions of the Act or the allied rules have been complied with.
- 13.6 The equity shares to be issued by the Resulting Company pursuant to Clause 13.1 above, shall be in dematerialized form.
- 13.7 In the event that the Parties restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share entitlement ratio, per Clause 13.1 above; shall be adjusted (including stock options, if any) accordingly to take into account the effect of any such corporate actions.
- 13.8 Resulting Company shall apply for listing of new equity shares on the Stock Exchanges in terms of and in compliance with the SEBI Master Circular and other relevant provisions under Applicable Laws.
- 13.9 Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.



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14. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANIES

14.1 Accounting treatment in the books of the Demerged Company:

- 14.1.1 Notwithstanding anything to the contrary contained in any other clause in the Scheme, the Demerged Company shall give effect to the Scheme in its books of accounts in accordance with the accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and the generally accepted accounting principles in India.
- 14.1.2 Upon the Scheme becoming effective and from the Appointed Date, the Demerged Company shall reduce the carrying value of all the assets and liabilities pertaining to the Demerged Undertaking as appearing in the books of accounts of the Demerged Company, being transferred to and vested in the Resulting Company from the respective book value of assets and liabilities of the Demerged Company. Any matter not dealt with in clause hereinabove shall be dealt with in accordance with the Indian Accounting Standards and Generally Accepted Accounting Principles applicable to the Demerged Company.
- 14.1.3 The difference, being excess of carrying value of assets over the carrying value of liabilities of the Demerged Undertaking, if any will be adjusted against Retained earnings under the head "Other Equity". If the difference is arising due to excess of carrying value of liabilities over the carrying value of assets of the Demerged Undertaking it shall be credited to capital reserve account.

14.2 Accounting treatment in the books of the Resulting Company:

- 14.2.1 Notwithstanding anything to the contrary contained in any other clause in the Scheme, Resulting Company shall give effect to the Scheme in its books of account in accordance with the accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and the generally accepted accounting principles in India.
- 14.2.2 Upon the Scheme becoming effective, Resulting Company in accordance with Appendix C to Ind AS 193 - Business Combinations, shall record all the assets and liabilities pertaining to "Demerged Undertaking" vested in it pursuant to this Scheme, at their respective carrying values as appearing in the books of the Demerged Company. Resulting Company shall credit to its equity share capital, the aggregate of the face value of the New Equity Shares issued and allotted by it pursuant to the Scheme and excess, if any, of the fair value of the equity shares issued over the face value of the equity shares issued shall be classified as securities premium under the head "Other Equity". The difference between the value of New Equity Shares issued by Resulting Company to the shareholders of the Demerged Company as consideration and the book value of the assets and liabilities of the Demerged Undertaking received from the Demerged Company will be credited or debited, as the case may be, to equity and classified as capital reserve in case of a credit or business reconstruction reserve, respectively in case of a debit under the head "other equity".
- 14.2.3 Post giving effect to the demerger as per clause 14.2.2 above, the debit balance of "business reconstruction reserve", if any, under the head "other equity" arising in terms of clause 14.2.2 shall be adjusted against the corresponding credit balance of Securities Premium Account arising in terms of clause 14.2.2, in the books of resulting company.



- 14.24 The financial statements of Resulting Company for prior periods will be restated to give effect to the Scheme from the Appointed Date.
- 14.25 In case of any differences in accounting policies applied to the Demerged Undertaking by the Demerged Company and the Resulting Company, the accounting policies, as may be directed by the Board of Resulting Company will prevail and the difference will be accounted for in accordance with the applicable accounting standards. Any matter not dealt with in Clause hereinabove shall be dealt with in accordance with the Indian Accounting Standards and Generally Accepted Accounting Principles applicable to the Resulting Company.
- 15. REDUCTION OF SECURITIES PREMIUM IN THE BOOKS OF RESULTING COMPANY**
- 15.1. The reduction and utilization of the securities premium account of the resulting company as specified in clause 14.2.3, shall be effected as an integral part of the scheme, in accordance with provisions of Section 230 to 232, without having to follow the process under Section 52 and other applicable provisions of the Act and without any further act or deed on part of the Resulting Company. Accordingly, the order by NCLT sanctioning the scheme shall also be deemed to be the order passed under applicable provisions of the Act for the purpose of confirming such reduction of securities premium account. The reduction of securities premium account as aforesaid would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and as such the provisions of Section 56 of the Act or the other applicable provisions of the Act will not be applicable in view of the explanation to Section 230 of the Act.
- 15.2. Notwithstanding the reduction in the securities premium account of the Resulting Company, the Resulting company shall not be required to add "And Reduced" as suffix to its name.
- 15.3. The consent of shareholders of the Resulting Company, and the consent of the secured and unsecured creditors of the Resulting Company, to the Scheme shall be deemed to be sufficient for the purpose of effecting reduction of Securities Premium Account and no further resolution or action under any other provisions of the Act would be required to be separately passed or taken.
- 16. CONDUCT OF BUSINESS BY THE DEMERGED COMPANY PERTAINING TO DEMERGED UNDERTAKING UNTIL THE EFFECTIVE DATE**
- 16.1 On and from the Appointed Date till the Effective Date, the Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities relating to Demerged Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its estates, properties, rights, title, interest, authorities, Contracts and investments and other assets forming part of Demerged Undertaking for and on account of and in trust for Resulting Company.
- 16.2 Nothing in this Clause 15 shall prevent the Demerged Company from undertaking any action in relation to any acquisition, purchase, sale, transfer or other disposition of any estates, properties, rights, title, interest, authorities, Contracts, investments or other assets pertaining to Demerged Undertaking.



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- 16.3 All the profits or income accruing or arising to the Demerged Company and the expenditure or losses arising or incurred or suffered by the Demerged Company which form part of Demerged Undertaking till the Effective Date shall, for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of Resulting Company.
- 16.4 Upon the Scheme becoming effective and with effect from the Appointed Date, any of the rights, powers, authorities or privileges attached, related or forming part of Demerged Undertaking, exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or forming part of Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken/ discharged for and on behalf of Resulting Company.
- 16.5 The companies shall be entitled, pending sanction of the Scheme, to apply to all Appropriate Authorities concerned as are necessary under any Applicable Law for such consents, approvals and sanctions, which may be required in connection with this Scheme.
17. **REMAINING BUSINESS**
- 17.1 The Remaining Business and all the assets, properties, rights, liabilities and obligations pertaining thereto shall continue to belong to and remain vested in and be managed by the Demerged Company, and the Resulting Company shall have no right, claim or obligation in relation to the Remaining Business and nothing in this Scheme shall operate to transfer any of the remaining business to the Resulting Company or to make the Resulting Company liable for any liabilities of the Demerged Company relating to the Remaining Business.
- 17.2 All Legal Proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the remaining business) shall be continued and enforced against the Demerged Company.
- 17.3 With effect from date of approval of this Scheme by the Board of the Demerged Company up to, including and beyond the Effective Date:
- (i) The Demerged Company shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Business for and on its own behalf.
 - (ii) All profits or income accruing or arising to the Demerged Company thereon and expenditure or losses arising or incurred or suffered by it relating to the Remaining Business shall for all purposes be treated as the profits or losses, as the case may be, of the Demerged Company.
 - (iii) All assets and properties acquired by the Demerged Company in relation to the Remaining Business shall belong to and continue to remain vested in the Demerged Company.



18. AMENDMENT OF THE MEMORANDUM OF ASSOCIATION OF THE RESULTING COMPANY

18.1 As an integral part of this Scheme and upon this Scheme becoming effective:

- (i) Prior to the issuance of New Equity Shares by Resulting Company, the authorised share capital of Resulting Company shall stand suitably increased, without any further act, instrument or deed on the part of Resulting Company for the purpose of issue of shares as per Clause 13, the authorised share capital of Resulting Company shall be INR 30,00,00,000 (Indian Rupees Thirty Crores only) divided into 30,00,00,000 (Thirty Crores) equity shares of INR 1 (Indian Rupee One) each. Clause 5 of the memorandum of association of Resulting Company shall be altered as set out below, upon coming into effect of the Scheme and without any further act or deed:

"The Authorised Share Capital of the Company is INR 30,00,00,000 (Indian Rupees Thirty Crores only) divided into 30,00,00,000 (Thirty Crores) equity shares of INR 1/- (Indian Rupee One only) each."

- (ii) Pursuant to this Scheme, the Resulting Companies shall file the requisite forms with the Registrar of Companies for alteration of their authorised share capital.
- (iii) It is hereby clarified that for the purposes of this Clause 17, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment for increase in authorised share capital of the Resulting Company, and no further resolution under Section 13, Section 61 and Section 64 of the Act or any other applicable provisions of the Act, shall be required to be separately passed.

19. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Demerged Undertaking of the Demerged Company under Clause 5 of this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company on or before the Appointed Date or concluded after the Appointed Date and the Effective Date (both days inclusive), to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

PART D

GENERAL TERMS AND CONDITIONS

20. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- a) The Stock Exchanges issuing their no objection/observation letter on the Scheme to the Resulting Company as required under regulation 37 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- b) Approval of the members:
- i. The requisite majorities in number and value of such classes of members as may be directed by

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- the Tribunal or any other competent authority, as may be applicable, approving the Scheme;
- ii. The votes cast by the public shareholders of the Resulting Company in favor of the Scheme being more than the number of votes cast by the public shareholders of the Resulting Company against the Scheme; and

in each case, the approval to be sought shall be in compliance with the provisions of the Act, the SEBI Master Circular and the Listing Regulations that require seeking approval of a party through voting, if applicable.

- c) The approval of the Scheme by the requisite majority in number and value of such classes of secured and unsecured creditors of the Demerged Company and the Resulting Company as required under the Act and as may be directed by the Hon'ble NCLT;
- d) The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;
- e) The sanction of the Scheme by Hon'ble NCLT under section 230-232 and other applicable provisions of the Act in favour of the Demerged Company and the Resulting Company under the said provisions and necessary orders under section 232 of the Act being obtained;
- f) The certified copy of the order of the Hon'ble NCLT under Sections 230 and 232 of the Act sanctioning the Scheme is filed with the Registrar of Companies, Kochi by the Demerged Company and the Resulting Company; and
- g) Compliance with such other conditions as may be imposed by the Hon'ble NCLT.

21. APPLICATION TO NATIONAL COMPANY LAW TRIBUNAL

The Demerged Company and Resulting Company shall, with all reasonable dispatch, make applications to the Hon'ble NCLT, within whose jurisdiction the respective registered offices of the Demerged Company and Resulting Company are situated, for sanction and carrying out the Scheme. The said companies shall also apply for and obtain such other approvals, as may be necessary in law, if any, for bringing the Scheme into effect and be entitled to take such other steps and proceedings as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

22. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 22.1 Subject to the approval of NCLT, the Demerged Company and the Resulting Company through their respective Board of Directors or other persons duly authorised by the respective Boards in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, that the Hon'ble NCLT and/ or any other Authority under law may deem fit to direct, approve or impose, or which may otherwise be considered necessary, desirable and appropriate as a result of subsequent events or otherwise by them (i.e. the Board). The Demerged Company and Resulting Company by their respective Board are authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or order of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.



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- 22.2 The Boards of Demerged and Resulting Company are authorised to withdraw the Scheme for sufficient reasons at any time prior to scheme being sanctioned by NCLT.

23. **CHANGE IN CAPITAL STRUCTURE OF THE COMPANIES**

Notwithstanding anything contained in this Scheme and subject to applicable laws, until this Scheme become effective, the Demerged Company and Resulting Company shall have the right to make any changes in their respective capital structure whether by way of increase (including rights issue, bonus issue, preferential issue of equity/ convertible/non-convertible securities) or decrease, reduction, reclassification, sub-division, consolidation, or re-organisation of share capital, or in any other manner for efficient functioning of their business or for any other purpose.

24. **EFFECT OF NON-RECEIPT OF APPROVALS**

- 24.1 In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Resulting Company and Demerged Company shall, in accordance with law, mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the Hon'ble NCLT, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

- 24.2 Further, in the case of non-receipt of approvals to the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter-se by Demerged Company or the Resulting Company or their shareholders or creditors or employees or any other person.

25. **COSTS, CHARGES AND EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Demerged Company and the Resulting Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Resulting Company and Demerged Company equally.

26. **MISCELLANEOUS**

In case any doubt or difference or issue shall arise among the Demerged Company and the Resulting Company or any of their shareholders, creditors, employees and/ or persons entitled to or claiming any right to any shares in the Demerged Company or the Resulting Company, as to the construction of this Scheme or as to any account or apportionment to be taken or made in connection herewith or as to any other aspects contained in or relating to or arising out of this Scheme, the same shall be amicably settled between the Board of Directors of the Demerged Company and the Resulting Company and the decision arrived at therein shall be final and binding on all concerned.

27. **RESIDUAL PROVISIONS**

- 27.1 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between Resulting Company and the Demerged Company and their respective Shareholders and the terms and conditions of this Scheme, the latter shall prevail.



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- 27.2 Any error, mistake, omission, commission, which is apparent in the Scheme should be read in a manner which is appropriate to the intent and purpose of the Scheme and in line with the preamble as mentioned herein above.
- 27.3 If any part or provision of this Scheme is found to be invalid, unenforceable or unworkable, for any reason whatsoever, the same shall not affect the validity or implementation of the other parts and/ or provisions of the Scheme and no rights or liabilities whatsoever shall accrue to, or be incurred inter se by, the parties or their respective shareholders, creditors, employees or any other person with respect to such part of the Scheme which is invalid, unenforceable or unworkable.



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KITEX**Kitex Garments Limited**

(CIN: L1810KL1992PLC006528)

Regd Office: Building No. VU496, Kizhakkambalam,

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

Phone: 91 484 2585000, Fax: 91 484 2585604

Email: soa@kitexgarments.com, Website: www.kitexgarments.com

REPORT ADOPTED BY THE AUDIT COMMITTEE OF KITEX GARMENTS LIMITED ("COMPANY" OR "RESULTING COMPANY") AT ITS MEETING HELD ON FRIDAY, FEBRUARY 14, 2025 RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE KITEX CHILDRENSWEAR LIMITED ("DEMERGED COMPANY") AND KITEX GARMENTS LIMITED (RESULTING COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

1. MEMBERS PRESENT

Sl. No.	Name of members	Designation
1	C P Philipose (Chairman)	Non-Executive Independent Director
2	A K Mathew (Member)	Non-Executive Independent Director
3	Sumi Francis (Member)	Non-Executive Independent Director

IN ATTENDANCE:

Ms. Dnyana Joseph, Company Secretary

INVITEES:

Mr. Sobu M Jacob, Managing Director

Mrs. Sindhu Chandrasekharan, Whole-Time Director

Mr. Boby Michael, Chief Financial Officer

2. BACKGROUND

- (a) A meeting of the Audit Committee of Kitex Garments Limited was held on Friday, February 14, 2025 to consider and recommend to the board of directors of the Company ("Board") the draft Scheme of Arrangement ("Scheme") between Kitex Childrenswear Limited (Demerged Company) and Kitex Garments Limited (Resulting Company), and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules and/or regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("Act"), and other applicable laws including the master circular bearing no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 'Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957' dated June 20, 2023, as amended from time to time or any other circulars issued by the Securities and Exchange Board of India ("SEBI") prescribing the compliance requirements for schemes of arrangement involving listed companies in each case, as amended from time to time, (collectively, the "SEBI Scheme Circular"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Section 2(19AA) and other relevant provisions of the Income-Tax Act, 1961. The Scheme provides, *inter-alia* for:



- (i) the demerger of Demerged Undertaking (*as defined in the Scheme*) (comprising of the Textile Business Division (*as defined in the Scheme*)) from the Demerged Company and its transfer to and vesting into the Resulting Company on a going concern basis and in consideration, the consequent issuance of equity shares by Resulting Company to all the equity shareholders of the Demerged Company in accordance with the Share Entitlement Ratio (*as defined in the Scheme*); and
- (ii) matters consequential or connected therewith.
- (b) The Resulting Company is incorporated under Companies Act, 1956 bearing Corporate Identity No. L18101KL1992PLC006528. The registered office is at Building No. VI/496, Kizhakkambalam, Vilangu P.O., Aluva, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561. The equity shares of the Company are listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The Demerged Company is an unlisted public company, limited by shares, incorporated under the Act bearing Corporate Identity No. U18101KL1991PLC006048 having its registered office at Building No. 494, Kizhakkambalam, Vilangu P.O., Aluva, Cochin, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561.
- (c) In terms of the SEBI Scheme Circular, a report from the Committee of Independent Directors recommending the draft Scheme is required, taking into consideration *inter alia* that the Scheme is not detrimental to the shareholders of the Company. This report of the Committee of Independent Directors is made in order to *inter alia* comply with the requirements of the Listing Regulations and the SEBI Scheme Circular.
- (d) The following documents were placed before the Audit Committee:
- (i) Draft Scheme;
- (ii) The draft certificate dated February 14, 2025 from M/s. MSKA & Associates, Statutory Auditor of the Company, confirming the accounting treatment mentioned in the Scheme is in compliance with the applicable Indian Accounting Standards as specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 and other Generally Accepted Accounting Principles in India
- (iii) Share entitlement ratio report dated February 14, 2025 issued by Hansi S. Mehta Valuers LLP, Registered Valuer (IBBI Registration Number: IBBI/RV-E/06/2022/172) ("Registered Valuer") *inter-alia*, recommending the Share Entitlement Ratio in connection with the proposed Scheme ("Share Entitlement Ratio Report");
- (iv) Fairness opinion dated February 14, 2025 issued by ICICI Securities Limited, an Independent SEBI registered Category I Merchant Banker registered with SEBI (SEBI Registration Code for the Merchant Banker: MB/INM000011179), for providing a fairness opinion on the valuation carried out by the Registered Valuer in the Share Entitlement Ratio Report, i.e., with respect to the Share Entitlement Ratio in connection with the proposed Scheme ("Fairness Opinion"); and



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- (v) Other presentations, documents and information made to/furnished before the Audit Committee, pertaining to the draft Scheme.

The Audit Committee reviewed and approved the aforesaid documents, noted the recommendations made therein, including the Share Entitlement Ratio with respect to the proposed Scheme and recommended the same for approval of the Board.

3. PROPOSED SCHEME

3.1 SALIENT FEATURES

The Audit Committee considered and noted the salient features of the Scheme as under:

- (a) The Scheme provides *inter alia* for:
- (i) the demerger of Demerged Undertaking from the Demerged Company and its transfer and vesting into the Resulting Company;
 - (ii) the consequent issuance of the New Equity Shares (as defined in the Scheme) by Resulting Company to the equity shareholders of the Demerged Company; and
 - (iii) matters consequential or connected therewith;

pursuant to Sections 230 to 232 of the Act and other applicable provisions thereof read with Section 2(19AA) of the Income-Tax Act, 1961, and the SEBI Scheme Circular.

- (b) As consideration for the demerger of Demerged Undertaking, Resulting Company shall issue and allot New Equity Shares to the equity shareholders of the Demerged Company based on Share Entitlement Ratio in proportion to their shareholding in the Demerged Company, in the following manner:

Upon the effectiveness of this Scheme and in consideration of the transfer and vesting of Demerged Undertaking into Resulting Company pursuant to provisions of this Scheme, Resulting Company shall, without any further act or deed, issue and allot equity shares to the equity shareholders of the Demerged Company, or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the Register of Members as on the Record Date in the following ratio:

"For every 100 (Hundred) equity shares of face and paid-up value of Rs 100/- (Indian Rupees Hundred only) each held in the Demerged Company, 9,706 (Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Re. 1/- (Indian Rupee One only) each of Resulting Company to be issued to the equity shareholders of the Demerged Company."

- (c) Post effectiveness of the Scheme, Resulting Company shall apply for and procure the listing of its New Equity Shares on the stock exchanges in terms of and in compliance with the SEBI Scheme Circular.



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- (d) The "Appointed Date" for the purpose of the Scheme means the opening of business hours on April 01, 2025 or such other date as approved by the National Company Law Tribunal, Kochi ("NCLT").
- (e) The "Effective Date" means the last of the dates on which the certified true copies of the order of the Tribunal sanctioning the Scheme are filed with the Registrar of Companies, Kochi by both Companies.

3.2 NEED FOR THE DEMERGER AND RATIONALE OF THE SCHEME

The Audit Committee reviewed and recommended to the Board the draft Scheme, Share Entitlement Ratio Report and Fairness Opinion and noted the need, rationale and the benefits of the Scheme to the stakeholders and the shareholders which, *inter-alia*, are as follows:

- (a) The Resulting Company is pioneer in apparel business and the world's second-largest manufacturer of cotton and organic cotton ready-to-wear garments for infants and children aged 0-24 months. The demerged Company also having a division specialised in the Textile manufacturing. In order to strengthen the value proposition for customers, unlock significant long-term valuation and upside value creation for the shareholders (through focused management, clearer choices of capital allocation, etc.) and to provide investors, strategic partners, lenders and stakeholders the flexibility to participate in some or all of these distinct businesses, the Resulting Company proposes to acquire the Textile Business Division of the Demerged Company in the manner contemplated under the Scheme, as detailed below:
- (i) the transfer of the Demerged Undertaking of the Demerged Company (i.e., the undertaking engaged in Textile Business) to Resulting Company;
- (b) The Scheme will ensure long-term value creation and is in the best interest of the Companies and their respective shareholders, employees, creditors and other stakeholders.
- (c) The proposed restructuring pursuant to the Scheme, is expected, *inter alia*, to result in the following benefits:
- i. The demerger would facilitate focused growth, operational efficiencies, business synergies and increased customer focus in relation to the Textile Business Division.
 - ii. Each business would be able to address independent business opportunities, pursue efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders.
 - iii. Combining similar business activities under a single entity shall optimize business operations, achieve economies of scale, create operational efficiency, common pool of production and better utilisation of resources.
 - iv. Facilitating the pursuit of scale and independent growth plans (organically and inorganically) with more focused management, flexibility and liquidity for the shareholders;



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- v. insulating and de-risking the businesses from one another;
- vi. unlocking value for the over-all business portfolio through better price discovery of individual platforms. Consequently, the proposed restructuring is expected to open-up windows to unlock value through potential divestments and acquisitions to achieve the scale of business in respective subsidiaries as well;
- vii. providing scope for mitigation of overlapping services and enhancing the focus on independent business growth strategies and expansion for each of the business undertakings.

The Audit Committee was of view that the rationale and benefits of the Scheme justify the proposed arrangement/ demerger.

3.3 SYNERGIES OF BUSINESS OF THE COMPANIES INVOLVED IN THE SCHEME

The Audit Committee noted the following:

The demerger of the Demerged Undertaking of the Demerged Company and vesting into the Resulting Company would create economies of scale.

The demerger would result in achieving efficiency in operational processes, implementation of interdent strategies specifically designed for each business and in optimizing profitability of each of these entities.

Combining similar kind of business will enable the companies to more focused approach, operational efficiency, cost saving, bigger market presence etc are envisaged.

Upon demerger, the benefits and synergies as mentioned in para 3.2 above shall be derived.

4. IMPACT OF THE SCHEME ON THE SHAREHOLDERS OF THE COMPANY

The Audit Committee noted the following.

As consideration for the demerger of Demerged Undertaking, Resulting Company shall issue and allot New Equity Shares to the equity shareholders of the Demerged Company based on Share Entitlement Ratio in proportion to their shareholding in the Demerged Company, in the following manner:

Upon the effectiveness of this Scheme and in consideration of the transfer and vesting of Demerged Undertaking into Resulting Company pursuant to provisions of this Scheme, Resulting Company shall, without any further act or deed, issue and allot equity shares to the equity shareholders of the Demerged Company, or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the Register of Members as on the Record Date in the following ratio:



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"For every 100 (Hundred) equity shares of face and paid-up value of Rs 100/- (Indian Rupees Hundred only) each held in the Demerged Company, 9,706 (Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Re. 1/- (Indian Rupee One only) each of Resulting Company to be issued to the equity shareholders of the Demerged Company."

Post effectiveness of the Scheme, Resulting Company shall apply for and procure the listing of its New Equity Shares on the stock exchanges in terms of and in compliance with the SEBI Scheme Circular.

Further, the Scheme will facilitate creation of value for the shareholders of the Company by realigning the business portfolio of the Companies to attract specific investors for each of the businesses, and consequently, encouraging stronger capital market outcomes, and creating the ability to achieve valuation based on respective risk returns profile and cash flows.

In light of the aforementioned rationale and benefits of the Scheme and other related matters, the Audit Committee is of the informed opinion that the proposed Scheme is not detrimental to the interests of the shareholders of the Company including minority shareholders.


5. COST BENEFIT ANALYSIS OF THE SCHEME

Although the Scheme would lead to incurring some costs by each of the Companies towards its implementation, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company in terms of improved competitiveness, operational efficiency and other benefits as specified under need & rationale of the Scheme. It will be beneficial for the Demerged Company and Resulting Company.

6. RECOMMENDATION OF THE AUDIT COMMITTEE

In view of the above, the Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, Share Entitlement Ratio Report, Fairness Opinion, Auditor's Certificate, recommends the draft Scheme for favourable consideration and approval of the Board, stock exchange(s), SEBI and other appropriate authorities.

For and on Behalf of the Audit Committee
of KiteX Garments Limited


C P Philipose
Chairman of the Audit Committee
DIN: 01125157

Date: February 14, 2025
Place: Kizhakkambalam





KITEX**Kitex Childrenswear Limited**

(CIN: U10101KL1991PLC006048)

Regd Office: Building No. 494, Kizhakkambalam,

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

Phone: 91 484 2585000, Fax: 91 484 2680604

Email: sect@kitexchildrenswear.com

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF KITEX CHILDRENSWEAR LIMITED HELD ON FRIDAY, 14TH DAY OF FEBRUARY, 2025 AT THE REGISTERED OFFICE OF THE COMPANY AT BUILDING NO. 494, KIZHAKKAMBALAM, VILANGU P.O, ALUVA, ERNAKULAM – 683561, KERALA

Scheme of Arrangement between Kitex Childrenswear Limited (Company/Demerged Company) and Kitex Garments Limited (Resulting Company) and their respective Shareholders and Creditors

“RESOLVED THAT, pursuant to Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), regulations, circulars and other applicable laws of the Securities and Exchange Board of India (“SEBI”) and enabling provisions of the Memorandum of Association and Articles of Association of the Company, and other applicable laws, rules, regulations, bye-laws as the case may be, and subject to the requisite approvals of the shareholders and creditors of the Company and to the necessary consents, permissions and approvals of SEBI, BSE Limited, National Stock Exchange of India Limited and any other statutory or regulatory authorities and subject to the sanction of the Hon’ble National Company Law Tribunal (NCLT) and subject to all such conditions and modifications as may be prescribed or imposed by any of the aforesaid authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Company, the consent of the Board be and is hereby accorded to the Draft Scheme of Arrangement between Kitex Childrenswear Limited (Demerged Company) and Kitex Garments Limited (Resulting Company) and their respective shareholders and creditors;

RESOLVED FURTHER THAT, the draft Scheme was placed before the Board and initialed by the Chairman for the purpose of identification, being advantageous and beneficial to the shareholders and the terms thereof being fair and reasonable, be and is hereby approved.

RESOLVED FURTHER THAT the Board does take on record the Appointed Date for the said Scheme as April 1, 2025 or any other date as determined by the Board of the Company to comply with the approvals/ directions from the regulatory and statutory authorities or such other date as NCLT may direct.

RESOLVED FURTHER THAT for the purpose of Scheme, the Board hereby take on record, valuation report dated February 14, 2025 issued by Bansi S. Mehta Valuers LLP, Registered



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Valuer (Registration No. IBBI/RV-E/06/2022/172) for the purpose of the Scheme and approve the Share Entitlement Ratio as under.

"For every 100 (Hundred) equity shares of face and paid-up value of Rs 100/- (Indian Rupees Hundred only) each held in the Demerged Company, 9,706 (Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Re. 1/- (Indian Rupee One only) each of Resulting Company to be issued to the equity shareholders of the Demerged Company. (Share Entitlement Ratio)"

RESOLVED FURTHER THAT the draft certificate of the statutory auditor of the Company, M/s. MSKA & Associates, Chartered Accountants (Firm's Registration No. 105047W) to the effect that the proposed accounting treatment specified in the draft scheme is in compliance with applicable Accounting Standards specified in section 133 of Companies Act 2013 as placed before the Board be and is hereby taken on record.

RESOLVED FURTHER THAT pursuant to the provisions of Section 232(2)(c) of Companies Act, 2013, as amended from time to time, the draft report explaining the effect of the arrangement pursuant to the Scheme, on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties, if any, be and is hereby approved and adopted and Mr. Sabu M Jacob, Director or Mr. Thomas Cherian, Whole-Time Director of the Company be and is hereby authorized severally to sign the same on behalf of the Company.

RESOLVED FURTHER THAT Mr. Sabu M Jacob, Director and Mr. Thomas Cherian, Whole-Time Director, of the Company be and is hereby severally authorized to take all the necessary steps for: -

- a) Finalize and Settle the draft Scheme of Arrangement;
- b) Filing applications with the National Company Law Tribunal, Kochi Bench or such other appropriate authority seeking directions as to convening / dispensing with the meeting of the shareholders / creditors of the Company and where necessary to take steps to convene and hold such meetings as per the directions of the National Company Law Tribunal, Kochi Bench;
- c) Filing petitions for confirmation of the Scheme by the National Company Law Tribunal or such other competent authority;



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- d) Filing affidavits, petitions, pleadings, applications or any other proceedings incidental or deemed necessary or useful in connection with the above proceedings and to engage Counsels, Advocates, Solicitors, Chartered Accountants and other professionals and to sign and execute vakalatnama wherever necessary, and sign and issue public advertisements and notices;
- e) Obtaining approval from such other authorities and parties including the shareholders, creditors, lenders as may be considered necessary, to the said Scheme;
- f) Making any alterations/ changes to the Scheme as may be expedient or necessary which does not materially change the substance of the Scheme; particularly for satisfying the requirements or conditions imposed by the Central Government or the National Company Law Tribunal of competent jurisdiction or any other authority;
- g) Signing all applications, petitions, documents, relating to the Scheme or delegate such authority to another person by a valid Power of Attorney;
- h) To settle any question or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolution; and
- i) To do all further acts, deeds, matters and things as may be necessary, proper or expedient to give effect to the Scheme and for matters connected therewith or incidental thereto.

RESOLVED FURTHER THAT all the Directors of the Company be and is hereby authorized to sign any copy of this resolution as a certified true copy thereof and furnish the same to whomsoever concerned."

//Certified True Copy//

For **Kitex Childrenswear Limited**



Thomas Cherian
 Whole-Time Director
 DIN: 02160432




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

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF KITEX GARMENTS LIMITED HELD ON FRIDAY, 14TH DAY OF FEBRUARY 2025 AT THE REGISTERED OFFICE OF THE COMPANY AT BUILDING NO. VI/496, KIZHAKKAMBALAM, VILANGU P.O, ALUVA, ERNAKULAM - 683561, KERALA

Scheme of Arrangement between Kitex Childrenswear Limited (Demerged Company) and Kitex Garments Limited (Company/Resulting Company) and their respective Shareholders and Creditors

“RESOLVED THAT pursuant to Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), regulations, circulars and other applicable laws of the Securities and Exchange Board of India (“SEBI”) and enabling provisions of the Memorandum of Association and Articles of Association of the Company, and other applicable laws, rules, regulations, bye-laws as the case may be, and subject to the requisite approvals of the shareholders and creditors of the Company and to the necessary consents, permissions and approvals of SEBI, BSE Limited, National Stock Exchange of India Limited and any other statutory or regulatory authorities and subject to the sanction of the Hon’ble National Company Law Tribunal (NCLT) and subject to all such conditions and modifications as may be prescribed or imposed by any of the aforesaid authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Company and as per the recommendations given by the Committee of Independent Directors and the Audit Committee, the consent of the Board be and is hereby accorded to the Draft Scheme of Arrangement between Kitex Childrenswear Limited (Demerged Company) and Kitex Garments Limited (Resulting Company) and their respective shareholders and creditors.

RESOLVED FURTHER THAT the Board does take on record the Appointed Date for the said Scheme as April 1, 2025 or any other date as determined by the Board of the Company to comply with the approvals/ directions from the regulatory and statutory authorities or such other date as NCLT may direct.

RESOLVED FURTHER THAT for the purpose of Scheme, the Board hereby take on record, valuation report dated February 14, 2025 issued by Banshi S. Mehta Valuers LLP, Registered Valuer (Registration No. IBBI/RV-E/06/2022/172) for the purpose of the Scheme and approve the Share Entitlement Ratio as under.

“For every 100 (Hundred) equity shares of face and paid-up value of Rs. 100/- (Indian Rupees Hundred only) each held in the Demerged Company, 9,706 (Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Re. 1/- (Indian Rupee One only)




KITEX**Kitex Garments Limited**

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each of Resulting Company to be issued to the equity shareholders of the Demerged Company. ("Share Entitlement Ratio")

RESOLVED FURTHER THAT the Fairness Opinion on the share entitlement ratio dated 14 February 2025 by ICICI Securities Limited, an Independent SEBI registered Category -I Merchant Banker (SEBI Registration Code for the Merchant Banker: MB/INM000011179), as placed before the Board be and is hereby taken on record.

RESOLVED FURTHER THAT the draft certificate of the statutory auditor of the Company, M/s. MSKA & Associates, Chartered Accountants (Firm's Registration No. 105047W) to the effect that the proposed accounting treatment specified in the draft scheme is in compliance with applicable Accounting Standards specified in section 133 of Companies Act 2013 as placed before the Board be and is hereby taken on record.

RESOLVED FURTHER THAT the report of the Committee of Independent Directors, recommending the draft Scheme for approval after taking into consideration, inter alia, the Valuation Report dated February 14, 2025 issued by Banshi S. Mehta Valuers LLP, Registered Valuer (Registration No. IBBI/RV-E/06/2022/172) and the Fairness Opinion dated February 14, 2025 issued by ICICI Securities Limited, an Independent SEBI registered Category -I Merchant Banker (SEBI Registration Code for the Merchant Banker: MB/INM000011179), confirming that the Scheme is not detrimental to the interest of the Shareholders, as placed before the Board be and is hereby taken on record.

RESOLVED FURTHER THAT the report of the Audit Committee recommending the draft Scheme for approval after taking into consideration, inter alia, the Valuation Report dated February 14, 2025 issued by Banshi S. Mehta Valuers LLP, Registered Valuer (Registration No. IBBI/RV-E/06/2022/172), the Fairness Opinion dated February 14, 2025 issued by ICICI Securities Limited, an Independent SEBI registered Category -I Merchant Banker (SEBI Registration Code for the Merchant Banker: MB/INM000011179), and the certificate from the statutory auditor on accounting treatment be and is hereby taken on record.

RESOLVED FURTHER THAT pursuant to the provisions of Section 232(2)(c) of Companies Act, 2013, as amended from time to time, the draft report explaining the effect of the arrangement pursuant to the Scheme, on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share entitlement ratio, specifying any special valuation difficulties, if any, be and is hereby approved and adopted and Mr. Sabu M Jacob, Managing Director or Mrs. Sindhu Chandrasekharan, Whole-Time Director of the Company be and is hereby authorized severally to sign the Report on behalf of the Board and if required, be circulated to the shareholders / creditors of the Company along with the Notice convening the meeting of the shareholders / creditors as may



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be directed by NCLT.

RESOLVED FURTHER THAT for the purpose of co-ordinating with the Securities and Exchange Board of India ("SEBI") in terms of Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time, issued by SEBI, BSE Limited be and is hereby designated as the Designated Stock Exchange.

RESOLVED FURTHER THAT Mr. Sabu M Jacob, Managing Director, Mrs. Sindhu Chandrasekharan, Whole-Time Director, Mr. Bobby Michael, Chief Financial Officer and Ms. Dayana Joseph, Company Secretary of the Company be and are hereby severally authorized to:

- a) To make modifications, amendments, revisions, edits and all other actions as may be required to finalize the scheme;
- b) To engage any counsel, consultant firms, advocates, attorneys, pleaders, solicitors, valuers, auditors, accountants, registrars, scrutinizers (for conducting voting at general meeting) or other professionals, as may be required in relation to or in connection with the Scheme, on such terms and conditions as they may deem fit, finalize their fees, terms and conditions of their appointment, issue appointment letters and also to sign, execute and deliver all documents, letters, advertisements, announcements, disclosures, affidavits, undertakings and other related documents in favour of the concerned authorities, advocates, or any one or more persons or firms as they may deem fit and to do all acts, deeds and things as they may deem fit and as they may be necessary in this regard;
- c) To file necessary applications and to make such other necessary filings or compliances with the Central/State Government, Securities and Exchange Board of India ("SEBI"), Stock Exchanges or any Authority or agency and to obtain sanction or approval to any provisions of the Scheme or giving effect thereto;
- d) To file all necessary applications, petitions with the NCLT for directions to hold or to exempt the holding of meetings of the shareholders and / or creditors and or such other classes as may be concerned with the scheme and where necessary to take steps to convene and hold such meetings as per the directions of the NCLT and all other activities to give effect to the scheme;
- e) To convene and conduct shareholders/ creditors meetings as may be directed by the NCLT;
- f) Take all steps as may be required, including, without limitation for obtaining approvals and/or consents of the shareholders, creditors, banks, financial institutions and other regulatory authorities or entities or agencies as may be required from time to time in that behalf,



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- g) Give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any manner whatsoever connected therewith or to review the position relating to the satisfaction of various conditions of the Scheme and if necessary, to waive any of those (to the extent permissible under the law);
- h) Filing affidavits, petitions, pleadings, applications or any other proceedings incidental or deemed necessary or useful in connection with the above proceedings and to sign and execute vakalatnama wherever necessary, and sign and issue public advertisements and notices;
- i) Suitably inform, apply and/or represent to the Central and/or State Government(s) and/or local authorities, including but not limited to the Customs Authorities, Excise Authorities, Income Tax Authorities, Sales Tax Authorities, GST Authorities, Employees State Insurance and Provident Fund Authorities, Telephone Authorities, Electricity Authorities, Postal Authorities and all other applicable authorities, agencies etc and/or to represent the Company before the said authorities and agencies etc and/or to represent the Company before the said authorities and agencies and to sign and submit such applications, letters, forms, returns, memoranda, undertakings, declarations, deeds or documents and to take all required necessary steps and actions from time to time in the above connection;
- j) consider, approve, verify, authenticate, sign, execute, submit, deliver or file all the forms, papers, documents, writings, applications, petitions, affidavits, representations, pleadings, public advertisements, announcements, disclosures, notices, reports, e-forms to be filed with the Registrar of Companies and Regional Director - Ministry of Corporate Affairs, during the process etc., which are required to be considered, approved, verified, authenticated, signed, executed, submitted, delivered or filed for carrying into effect the said Scheme in all respects whatsoever and/or for obtaining directions (including but not limited to from the Hon'ble NCLT and for this purpose, to appear in person and/or represent the Company before the Hon'ble NCLT or any other authority and to deliver a certified copy of this resolution to any concerned party or authorities;
- k) To do all such other acts, matters, deeds and things as may be necessary or desirable in connection with or to take all the steps necessary or incidental and considered appropriate with regard to the above applications and petitions and implementation of the orders passed thereon and generally for putting through the Scheme and completing the same.

RESOLVED FURTHER THAT any action already taken by the abovementioned directors and/or officers of the Company in relation to appointment of advisors, valuers, auditors, advocates, merchant bankers and such other professionals be and is hereby ratified



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KITEX

Kitex Garments Limited

(CIN: L18101KL1992PLC006528)

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

Vilanga P.O, Aluva, Ernakulam - 683551, Kerala


Phone: 91 484 2585000, Fax: 91 484 2650604

Email: sect@kitexgarments.com Website: www.kitexgarments.com

RESOLVED FURTHER THAT Mr. Sabu M Jacob, Managing Director, Mrs. Sindhu Chandrasekharan, Whole-Time Director, Mr. Bobby Michael, Chief Financial Officer and Ms. Dayana Joseph, Company Secretary of the Company be and are hereby also severally authorized to issue a certified true copy of this resolution to anyone concerned or interested in this matter."

//Certified True Copy//

For Kitex Garments Limited



Dayana Joseph

Company Secretary and Compliance Officer



KITEX

Kitex Childrenswear Limited

(CIN:U18101KL1991PLC006048)
 Regd Office: Building No. 494, Kizhakkambalam,
 Vilangu P.O., Aluva, Ernakulam - 683561, Kerala
 Phone: 91 484 2585000, Fax:91 484 2680604
 Email: secd@kitexchildrenswear.com

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF KITEX CHILDRENSWEAR LIMITED ("COMPANY" OR "DEMERGED COMPANY") IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON FRIDAY, FEBRUARY 14, 2025

1. Based on the recommendations of the Audit Committee and Committee of Independent Directors of the Company, the Board of Directors of the Company at its meeting held on February 14, 2025, had, subject to applicable approvals, approved the draft scheme of arrangement between Kitex Childrenswear Limited ("Demerged Company") and Kitex Garments Limited ("Resulting Company or Company"), (together, Resulting Company and Demerged Company shall be referred to as the "Companies") and their respective shareholders and creditors under Sections 230-232 and other applicable provisions of the Companies Act, 2013 and the rules and/ or regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("Act"), and other applicable laws including Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), as amended from time to time or any other circulars issued by the Securities and Exchange Board of India ("SEBI") prescribing the compliance requirements for schemes of arrangement involving listed companies in each case, as amended from time to time, Section 2(19AA) and other relevant provisions of the Income-Tax Act, 1961.
2. The Scheme provides, *inter alia* for:
 - (i) the demerger of Demerged Undertaking (*as defined in the Scheme*) from the Demerged Company and transfer and vesting into the Resulting Company and in consideration, the consequent issuance of equity shares by Resulting Company to all the equity shareholders of the Demerged Company in accordance with the Share Entitlement Ratio (*as defined in the Scheme*);
 - (ii) matters consequential or connected therewith.
3. The Resulting Company is incorporated under the provisions of the Companies Act, 1956 bearing Corporate Identity No. L18101KL1992PLC006528 having its registered office at Building No. VI/496, Kizhakkambalam, Vilangu P.O., Aluva, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561. The equity shares of the Company are listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). Demerged Company is an unlisted public company, limited by shares, incorporated under the Companies Act, 1956 bearing Corporate Identity No. U18101KL1991PLC006048 having its registered office at Building No. 494, Kizhakkambalam, Vilangu P.O., Aluva, Cochin, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561.
4. The draft Scheme will be filed with BSE and NSE, pursuant to Regulation 37 of SEBI LODR, 2015 for obtaining a no-objection letter from the stock exchanges.
5. The Scheme will be presented before the National Company Law Tribunal, Kochi, Kerala, under Sections 230 to 232 and other applicable provisions of the Act and will also be in compliance with Regulation 37 of SEBI LODR, 2015, Section 2(19AA) and other relevant provisions of the Income-Tax Act, 1961.
6. The Scheme was approved by the Audit Committee of the Company at its meeting held on February 14, 2025 and by the Committee of Independent Directors at its meeting held on February 14, 2025.



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KITEX**Kitex Childrenswear Limited**

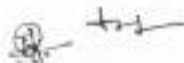
(CIN:U18101KL1991PLC006048)

Regd Office: Building, No. 494, Kizhakkambalam,
 Vilangu P.O. Aluva, Ernakulam - 683561, Kerala
 Phone: 91 484 2585000, Fax: 91 484 2680604
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7. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Board of Directors of the Company explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company, laying out in particular, the Share Entitlement Ratio, specifying any special valuation difficulties, if any ("**Board Report**"). Accordingly, this Board Report is prepared to comply with the requirements of Section 232(2)(c) of the Act.
8. Having regard to the applicability of the aforesaid provisions, a draft of the Scheme and the following documents are placed before the Board of Directors of the Company:
- (i) Draft Scheme
 - (ii) Independent share entitlement ratio report dated February 14, 2025 ("**Share Entitlement Ratio Report**") issued by Bansi S. Mehta Valuers LLP, valuer registered with the Insolvency and Bankruptcy Board of India (IBBI Registration Number: *IBBI/RV-E/06/2022/172*), determining the Share Entitlement Ratio in connection with the proposed Scheme;
 - (iii) Fairness opinion dated February 14, 2025 ("**Fairness Opinion**") issued by ICICI Securities Limited, an Independent SEBI registered, Category I Merchant Banker registered with SEBI (SEBI Registration Code for the Merchant Banker: MB/INM00011179), for providing a fairness opinion on the valuation carried out by the registered valuer in the Share Entitlement Ratio Report i.e., with respect to the Share Entitlement Ratio in connection with the proposed Scheme;
 - (iv) The draft certificate dated February 14, 2025 from M/s. MSKA & Associates, Statutory Auditor of the Company, confirming the accounting treatment mentioned in the Scheme is in compliance with the applicable Indian Accounting Standards as specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 and other Generally Accepted Accounting Principles in India ("**Auditor's Certificate**");
 - (v) Other presentations, reports, documents and information made to/ furnished before the Board of Directors of the Company pertaining to the draft Scheme.
9. **Rationale of the Scheme**

The demerged Company is *inter-alia* engaged in two business verticals, namely Textile Business Division and Remaining Business. The nature of risks, returns, growth and competition involved in each such undertaking are distinct and requires attribution of dissimilar technical and managerial focus. The segregation of Textile Business Division of the Demerged Company would allow the management to effectively cater to the independent growth plans (both through organic and inorganic means) by enabling access to availability of increased resources. Moreover, the Resulting Company is engaged in the similar business and a pioneer in the said field. The Board of Directors (defined herein) of the Demerged Company and the Resulting Company believe the following benefits pursuant to the demerger of the Textile Business Division (Demerged Undertaking) of the Demerged Company into the Resulting Company:

- (i) The demerger would facilitate focused growth, operational efficiencies, business synergies and increased customer focus in relation to the Textile Business Division





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- (ii) Each business would be able to address independent business opportunities, pursue efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders.
- (iii) Combining similar business activities under a single entity shall optimize business operations, achieve economies of scale, create operational efficiency, common pool of production and better utilisation of resources
- (iv) facilitating the pursuit of scale and independent growth plans (organically and inorganically) with more focused management, flexibility and liquidity for the shareholders;
- (v) insulating and de-risking the businesses from one another;
- (vi) unlocking value for the over-all business portfolio through better price discovery of individual platforms. Consequently, the proposed restructuring is expected to open-up windows to unlock value through potential divestments and acquisitions to achieve the scale of business in respective subsidiaries as well;
- (vii) providing scope for mitigation of overlapping services and enhancing the focus on independent business growth strategies and expansion for each of the business undertakings.

The Board of Directors of the Company is of view that the rationale and benefits of the Scheme justify the proposed arrangement/ demerger.

10. Effect of the Scheme on stakeholders

S. NO.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
10.1.	Promoter Shareholders	<p>The Board of Directors of the Company noted the following:</p> <p>a) The Company has equity shareholders and no other class of shareholders.</p> <p>b) Upon the effectiveness of the Scheme and in consideration of the transfer and vesting of Demerged Undertaking into Resulting Company pursuant to provisions of the Scheme, Resulting Company shall, without any further act or deed, issue and allot equity shares to the equity shareholders of the Demerged Company, whose names are recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date, in the following ratio:</p> <p><i>"For every 100 (Hundred) equity shares of face and paid-up value of Rs 100/- (Indian Rupees Hundred only) each held in the Demerged Company, 9,706</i></p>

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KITEX
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 Email: sect@kitexchildrenswear.com

S. No.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
		<p><i>(Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Re. 1/- (Indian Rupee One only) each of Resulting Company to be issued to the equity shareholders of the Demerged Company. ("Share Entitlement Ratio")</i></p> <p>c) Accordingly, all the equity shareholders of the Demerged Company as on the Record Date (as defined under the Scheme) shall become the equity shareholders of Resulting Company by virtue of the demerger of the Demerged Undertaking.</p> <p>d) Further, the shares issued as a consideration by Resulting Company to the shareholders of the Demerged Company pursuant to the Scheme shall be listed on BSE and NSE.</p> <p>In light of the aforementioned rationale and benefits of the Scheme and other related matters, the Board of Directors of the Company is of the informed opinion that the proposed Scheme is not detrimental to the interests of the shareholders of the Company including minority shareholders.</p>
10.2.	Non-Promoter Shareholders	The Company does not have any non-promoter shareholders. Hence, this is not applicable.
10.3.	Key Managerial Personnel ("KMP")	<p>a) The KMPs of the Company shall continue as key managerial personnel of the Company after effectiveness of the Scheme.</p> <p>b) The Scheme will have no effect on the KMPs. To the extent the KMPs hold any shareholding in the Demerged Company (if any), the KMPs of the Demerged Company, like any other shareholder of the Demerged Company, will receive equity shares in the Resulting Company based on the Share Entitlement Ratio.</p>

11. Share Entitlement Ratio

- (i) Upon implementation of the Scheme, all the shareholders of the Demerged Company shall receive 9,706 (Nine Thousand Seven Hundred and Six) equity shares of Resulting Company for every 100 (Hundred) equity shares held in Demerged Company as on "Record Date".
- (ii) For the purpose of arriving at the recommended Share Entitlement Ratio, the Share Entitlement Ratio Report was obtained by the Demerged and Resulting Companies in terms of the SEBI LODR, 2015.



KITEX**Kitex Childrenswear Limited**

(CIN:U18101KL1991PLC006048)

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- (iii) The independent registered valuer appointed to determine the recommended Share Entitlement Ratio for the proposed demerger pursuant to the Scheme and has not expressed any difficulty while determining the same.
- (iv) The Fairness Opinion issued by ICICI Securities Limited also does not indicate any special valuation difficulties.
- (v) The independent valuer has arrived at Share Entitlement Ratio in connection with the Scheme as outlined in the Share Entitlement Ratio Report.
- (vi) The recommendation of the Share Entitlement Ratio for the proposed demerger pursuant to the Scheme has been certified as being fair and has been approved by the Board of Directors of the Company, the Audit Committee of the Company and the Committee of Independent Directors of the Company.

12. Adoption of the Board Report by the Board of Directors

The Board of Directors of the Company have adopted this Board Report after noting and considering the information set forth in this Report. The Board of Directors of the Company or any fully authorized committee by the Board of Directors of the Company is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For Kitex Childrenswear Limited



Thomas Cherian
 Whole-Time Director
 DIN: 02160432

Date: February 14, 2025
 Place: Kizhakkambalam



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: sec3@kitexgarments.comWebsite: www.kitexgarments.com**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF KITEX GARMENTS LIMITED ("COMPANY" OR "RESULTING COMPANY") IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON FRIDAY, FEBRUARY 14, 2025**

1. Based on the recommendations of the Audit Committee and Committee of Independent Directors of the Company, the Board of Directors of the Company at its meeting held on February 14, 2025, had, subject to applicable approvals, approved the draft scheme of arrangement between Kitex Childrenswear Limited ("**Demerged Company**") and Kitex Garments Limited ("**Resulting Company or Company**"), (together, Resulting Company and Demerged Company shall be referred to as the "**Companies**") and their respective shareholders and creditors under Sections 230-232 and other applicable provisions of the Companies Act, 2013 and the rules and/ or regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("**Act**"), and other applicable laws including Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**"), as amended from time to time or any other circulars issued by the Securities and Exchange Board of India ("**SEBI**") prescribing the compliance requirements for schemes of arrangement involving listed companies in each case, as amended from time to time, Section 2(19AA) and other relevant provisions of the Income-Tax Act, 1961.
2. The Scheme provides, *inter alia* for:
 - (i) the demerger of Demerged Undertaking (*as defined in the Scheme*) from the Demerged Company and transfer and vesting into the Resulting Company and in consideration, the consequent issuance of equity shares by Resulting Company to all the equity shareholders of the Demerged Company in accordance with the Share Entitlement Ratio (*as defined in the Scheme*);
 - (ii) matters consequential or connected therewith.
3. The Resulting Company is incorporated under the provisions of the Companies Act, 1956 bearing Corporate Identity No. L18101KL1992PLC006528 having its registered office at Building No. VI/496, Kizhakkambalam, Vilangu P.O., Aluva, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561. The equity shares of the Company are listed on the BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). Demerged Company is an unlisted public company, limited by shares, incorporated under the Companies Act, 1956 bearing Corporate Identity No. U18101KL1991PLC006048 having its registered office at Building No. 494, Kizhakkambalam, Vilangu P.O., Aluva, Cochin, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561.
4. The draft Scheme will be filed with BSE and NSE, pursuant to Regulation 37 of SEBI LODR, 2015 for obtaining a no-objection letter from the stock exchanges.
5. The Scheme will be presented before the National Company Law Tribunal, Kochi, Kerala, under Sections 230 to 232 and other applicable provisions of the Act and will also be in compliance with Regulation 37 of SEBI LODR, 2015, Section 2(19AA) and other relevant provisions of the Income-Tax Act, 1961.
6. The Scheme was approved by the Audit Committee of the Company at its meeting held on February 14, 2025 and by the Committee of Independent Directors at its meeting held on February 14, 2025.

KITEX**Kitex Garments Limited**

(CIN: L16101KL1992PLC006528)

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7. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Board of Directors of the Company explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company, laying out in particular, the Share Entitlement Ratio, specifying any special valuation difficulties, if any ("**Board Report**"). Accordingly, this Board Report is prepared to comply with the requirements of Section 232(2)(c) of the Act.
8. Having regard to the applicability of the aforesaid provisions, a draft of the Scheme and the following documents are placed before the Board of Directors of the Company:
- (i) Independent share entitlement ratio report dated February 14, 2025 ("**Share Entitlement Ratio Report**") issued by Bansil S. Mehta Valuers LLP, valuer registered with the Insolvency and Bankruptcy Board of India (*IBBI Registration Number: IBBI/RV-E/06/2022/172*), determining the Share Entitlement Ratio in connection with the proposed Scheme;
 - (ii) Fairness opinion dated February 14, 2025 ("**Fairness Opinion**") issued by ICICI Securities Limited, an Independent SEBI registered, Category I Merchant Banker registered with SEBI (SEBI Registration Code for the Merchant Banker: MB/INM000011179), for providing a fairness opinion on the valuation carried out by the registered valuer in the Share Entitlement Ratio Report i.e., with respect to the Share Entitlement Ratio in connection with the proposed Scheme;
 - (iii) The draft certificate dated February 14, 2025 from M/s. MSKA & Associates, Statutory Auditor of the Company, confirming the accounting treatment mentioned in the Scheme is in compliance with the applicable Indian Accounting Standards as specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 and other Generally Accepted Accounting Principles in India ("**Auditor's Certificate**");
 - (iv) Report dated February 14, 2025 prepared by the Audit Committee of the Company in terms of the requirements of the SEBI Scheme Circular;
 - (v) Report dated February 14, 2025 prepared by the Committee of Independent Directors of the Company in terms of the requirements of the SEBI Scheme Circular; and
 - (vi) Other presentations, reports, documents and information made to/ furnished before the Board of Directors of the Company pertaining to the draft Scheme.
9. **Rationale of the Scheme**

The demerged Company is *inter-alia* engaged in two business verticals, namely Textile Business Division and Remaining Business. The nature of risks, returns, growth and competition involved in each such undertaking are distinct and requires attribution of dissimilar technical and managerial focus. The segregation of Textile Business Division of the Demerged Company would allow the management to effectively cater to the independent growth plans (both through organic and inorganic means) by enabling access to availability of increased resources. Moreover, the Resulting Company is engaged in the similar business and a pioneer in the said field. The Board of Directors (defined herein) of the Demerged Company and the Resulting Company believe the following benefits pursuant to the demerger of the Textile Business Division (Demerged Undertaking) of the Demerged Company into the Resulting Company:

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- (i) The demerger would facilitate focused growth, operational efficiencies, business synergies and increased customer focus in relation to the Textile Business Division
- (ii) Each business would be able to address independent business opportunities, pursue efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders.
- (iii) Combining similar business activities under a single entity shall optimize business operations, achieve economies of scale, create operational efficiency, common pool of production and better utilisation of resources
- (iv) facilitating the pursuit of scale and independent growth plans (organically and inorganically) with more focused management, flexibility and liquidity for the shareholders;
- (v) insulating and de-risking the businesses from one another;
- (vi) unlocking value for the over-all business portfolio through better price discovery of individual platforms. Consequently, the proposed restructuring is expected to open-up windows to unlock value through potential investments and acquisitions to achieve the scale of business in respective subsidiaries as well;
- (vii) providing scope for mitigation of overlapping services and enhancing the focus on independent business growth strategies and expansion for each of the business undertakings.

The Board of Directors of the Company is of view that the rationale and benefits of the Scheme justify the proposed arrangement/ demerger.

10. Effect of the Scheme on stakeholders

S. NO.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
10.1.	Shareholders (Promoter and Non-Promoter Shareholders)	<p>The Board of Directors of the Company noted the following:</p> <ol style="list-style-type: none"> a) The Company has equity shareholders and no other class of shareholders. b) Upon the effectiveness of the Scheme and in consideration of the transfer and vesting of Demerged Undertaking into Resulting Company pursuant to provisions of the Scheme, Resulting Company shall, without any further act or deed, issue and allot equity shares to the equity shareholders of the Demerged Company, whose names are recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date, in the following ratio:

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S. NO.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
		<p><i>"For every 100 (Hundred) equity shares of face and paid-up value of Rs 100/- (Indian Rupees Hundred only) each held in the Demerged Company, 9,706 (Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Re. 1/- (Indian Rupee One only) each of Resulting Company to be issued to the equity shareholders of the Demerged Company." ("Share Entitlement Ratio")</i></p> <p>c) Accordingly, all the equity shareholders of the Demerged Company as on the Record Date (as defined under the Scheme) shall become the equity shareholders of Resulting Company by virtue of the demerger of the Demerged Undertaking.</p> <p>d) Further, the shares issued as a consideration by Resulting Company to the shareholders of the Demerged Company pursuant to the Scheme shall be listed on BSE and NSE.</p> <p>In light of the aforementioned rationale and benefits of the Scheme and other related matters, the Board of Directors of the Company is of the informed opinion that the proposed Scheme is not detrimental to the interests of the shareholders of the Company including minority shareholders.</p>
10.2.	Key Managerial Personnel ("KMP")	The KMPs of the Company shall continue as key managerial personnel of the Company after effectiveness of the Scheme.

11. Share Entitlement Ratio

- (i) Upon implementation of the Scheme, all the shareholders of the Demerged Company shall receive 9,706 (Nine Thousand Seven Hundred and Six) equity shares of Resulting Company for every 100 (Hundred) equity shares held in Demerged Company as on "Record Date".
- (ii) For the purpose of arriving at the recommended Share Entitlement Ratio, the Share Entitlement Ratio Report was obtained by the Demerged and Resulting Companies in terms of the SEBI LODR, 2015.
- (iii) The independent registered valuer appointed to determine the recommended Share Entitlement Ratio for the proposed demerger pursuant to the Scheme and has not expressed any difficulty while determining the same.
- (iv) The Fairness Opinion issued by ICICI Securities Limited also does not indicate any special valuation difficulties.

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- (v) The independent valuer has arrived at Share Entitlement Ratio in connection with the Scheme as outlined in the Share Entitlement Ratio Report.
- (vi) The recommendation of the Share Entitlement Ratio for the proposed demerger pursuant to the Scheme has been certified as being fair and has been approved by the Board of Directors of the Company, the Audit Committee of the Company and the Committee of Independent Directors of the Company.

12. Adoption of the Board Report by the Board of Directors

The Board of Directors of the Company have adopted this Board Report after noting and considering the information set forth in this Report. The Board of Directors of the Company or any fully authorized committee by the Board of Directors of the Company is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For Kitex Garments Limited

Sabu M Jacob
Managing Director
DIN: 00046016

Date: February 14, 2025
Place: Kizhakkambalam

MSKA & Associates

Chartered Accountants

Olympic Cyberspace, 10th Floor
Module 4, 21 / 22, Alandur Road, Gairny,
Chennai 600032, INDIA

INDEPENDENT AUDITOR'S REPORT

To the Members of Kitex Childrenswear Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Kitex Childrenswear Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss, including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

The Company has an investment in an Associate Company, Kitex USA LLC amounting to Rs. 2,783.22 lakhs (March 31, 2024: Rs. 2,783.22 lakhs), which is incurring losses and has negative net worth as at March 31, 2025. However, the management of the Company has determined the carrying value of the investment in the said Associate as recoverable based on valuations performed which is considering the proposed changes in the business plan, forecasted future revenue growth and increased margin contributions in the projected cashflows. For the year ended March 31, 2025, the management of the Company has not been able to provide corroborative evidence to substantiate the reasonableness of the abovementioned unobservable inputs. Accordingly, we are unable to comment on the recoverability of the carrying value of the investment in Kitex USA, LLC as at March 31, 2025. (Refer Note 2.02.01 to the Standalone Financial Statements).

This matter has been qualified in our audit report on the standalone financial statements of the Company for the year ended March 31, 2024.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note 2.28 which describes that the scheme of arrangement has been approved by the Board of Directors during the year ended March 31, 2025. The aforesaid note also discloses the effect of the demerger on the standalone financial statements including the balance sheet, statement of profit and loss and comparative financial information.

Our Opinion is not modified in respect of this matter.



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Chartered Accountants

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Chennai 600032, INDIA

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report along with annexures but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and except, for the possible effect of the matter described in the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



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- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g)
- c. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d. Except for the matter described in the Basis of Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in Basis for Qualified opinion, paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(h)(vi) below on reporting under Rule 11(g).
- g. With respect to the adequacy of the Internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 2.36.1 of standalone financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 2.39 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 2.39 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement
- v. The Company has neither declared nor paid any dividend during the year



MSKA & Associates

Chartered Accountants

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- vi. Based on examination which included test checks, the Company has used two accounting softwares for maintaining its books of accounts and payroll records during the year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility. The audit trail feature was enabled and has been operated throughout the year for all relevant transactions recorded except that
- In absence of the Independent Service Auditors report (SOC 2 report), we are unable to comment on the audit trail feature at database level for the accounting software which is maintained by the third party software service provider.
 - Audit trail feature was not enabled in one of the accounting software throughout the year as explained in Note 2.41 to the standalone financial statements

Further, during the course of our audit, except for the above, we did not come across any instance of audit trail feature being tampered.

Additionally, the audit trail of prior years has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in prior year.

3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105067W


Geetha Jeyakumar
Partner
Membership No. 029409
UDIN: 25029409BMMJUX1121



Place: Chennai
Date : September 30, 2025

MSKA & Associates

Chartered Accountants

Olympia Cyberspace, 10th Floor
 Block 4, 31 / 22, Alandur Road, Guindy
 Chennai 600032, INDIA

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEX CHILDRENSWEAR LIMITED FOR THE YEAR ENDED MARCH 31, 2025

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

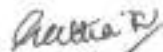
- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management and Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended March 31, 2025 (current year) and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For M S K A & Associates
 Chartered Accountants
 ICAI Firm Registration No. 105047W



Geetha Jeyakumar
 Partner
 Membership No. 029409
 UDIN: 25029409BMMUX1121



Place: Chennai
 Date : September 30, 2025

MSKA & Associates

Chartered Accountants

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Chennai 600032, INDIA

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITECH CHILDRENSWEAR LIMITED FOR THE YEAR ENDED MARCH 31, 2025

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i. (a)A. The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) Property, Plant and Equipment were physically verified by the management according to a phased programme designed to cover all items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, some of the assets have been physically verified by Management during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements are held in the name of the Company. The title deeds of immovable properties aggregating to Rs 122.80 Lakhs as at March 31, 2025, are pledged with the banks and original copies are not available with the Company.
- (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment and intangible assets during the year. Accordingly, the provisions stated under clause (i)(d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated under clause (i)(e) of the Order are not applicable to the Company.
- ii. (a) The Inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency, coverage and procedure of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During any point of time of the year, the Company has been sanctioned working capital limits in excess of Rs. 500 lakhs rupees, in aggregate from Banks and financial institutions on the basis of security of current assets..

Based on the records examined by us in the normal course of audit of the standalone financial statements, quarterly statements filed with such Banks are not in agreement with the books of accounts of the Company. Details of the same are as below.

Quarter	Particulars of Securities Provided	Amount as per books of account ((Rs in Lakhs)	Amount as reported in the quarterly statement ((Rs in Lakhs)	Amount of difference(Rs in Lakhs)
Mar-25	Inventory	7,862.30	6,516.42	1,345.88
Mar-25	Trade Receivables	4,942.721	4,930.19	12.52
Dec-24	Trade Receivables	5,641.90	4,404.53	1,237.37
Sep-24	Trade Receivables	13,412.98	13,406.54	6.44

Refer note 2.19.1 to the standalone financial statements



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- iii. a) According to the information and explanations provided to us, Company has not provided loans, guarantee or security or provided advances in nature of loans to firms or other entities. The Company has provided loans and guarantees to subsidiaries and associate company.

(A) The details of such loans, advances, guarantee to subsidiaries and Associate company are as follows:

(Rs in Lakhs)	
Guarantees	
Aggregate amount granted/provided during the year	
- Associate	9,305.67
Balance Outstanding as at balance sheet date in respect of above cases	27,599.72
- Associate	

Loans	
Aggregate amount granted/provided during the year	
- Subsidiaries	4.14
Balance Outstanding as at balance sheet date in respect of above cases	981.15
- Subsidiaries	

- b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided and terms and conditions in relation to grant of all loans and advances in the nature of loans, investments made and guarantees provided are not prejudicial to the interest of the Company.
- c) In case of the loans and advances in the nature of loan, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the repayment of the principal and payment of interest.
- d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no amounts overdue for more than ninety days in respect of the loans or advances in the nature of loans, granted to Company.
- e) According to the information explanation provided to us, the loans or advances in the nature of loan granted has not fallen due during the year. Accordingly, the provisions stated under clause 3(ii)(e) of the Order are not applicable to the Company.
- f) According to the information explanation provided to us, the Company has not any granted loans or advances in the nature of loans, including to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013 either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, the provisions stated under clause (iii)(f) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.



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- v. According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor any amounts which are deemed to be deposits, within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under. Accordingly, the provisions stated under clause (v) of the Order is not applicable to the Company. Also, there are no amounts outstanding as on March 31, 2025, which are in the nature of deposits.
- vi. The provisions of sub-Section (1) of Section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated under clause (vi) of the Order are not applicable to the Company.
- vii. (a) According to the information and explanations given to us and the records examined by us, in our opinion, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess, and other statutory dues have generally been regularly deposited with the appropriate authorities during the year, though there has been a slight delay in a few cases.

Undisputed amounts payable in respect these statutory dues in arrears, which were outstanding, as at March 31, 2025, for a period of more than six months from the date they became payable, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Advance Income Tax	7.67	April 1, 2024 to September 30, 2024	June 15 2024 and September 15, 2024	Not paid

- (b) According to the information and explanations given to us and the records examined by us, details of statutory dues referred to in sub clause (a) above which have not been deposited as on March 31, 2025, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded (Rs. in Lakhs)	Amount Paid (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending	Name of the statute
Income Tax Act, 1961	Income Tax Dues	1,381.54	131.57	AY 2016-17 to AY 2023-24	Commissioner of Income tax (Appeals)	Income Tax Act, 1961
Income Tax Act, 1961	Income Tax Dues	1.25	1.00	AY 2007 -08	Income Tax Appellate Tribunal	Income Tax Act, 1961

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment of the Company. Accordingly, the provision stated under clause (viii) of the Order is not applicable to the Company.
- ix. (a) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations provided to us, no money was raised by way of term loans. Accordingly, the provision stated under clause (ix)(c) of the Order is not applicable to the Company.



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- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries and associates.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies. Accordingly, reporting under Clause (ix)(f) of the order is not applicable to the Company.
- x. (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated under clause (x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Accordingly, the provisions stated under clause (x)(b) of the Order are not applicable to the Company.
- xi. (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company has been noticed or reported during the year in the course of our audit.
- (b) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no report under Section 143(12) of the Act, in Form ADT-4, as proscribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was required to be filed with the Central Government. Accordingly, the provisions stated under clause (xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company. Accordingly, the provisions stated under clause (xii)(a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till the date of our audit report, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the reporting on compliance with the provisions of Section 192 of the Act, in clause (xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 (2 of 1934) and accordingly, the provisions stated under clause (xvi)(a) of the Order are not applicable to the Company.



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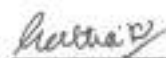
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- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities during the year and accordingly, the provisions stated under clause (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the provisions stated under clause (xvi)(c) of the Order are not applicable to the Company.
- (d) According to the information and explanations provided to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one Core Investment Company as a part of its group. Accordingly, the provisions stated under clause (xvi)(d) of the Order are not applicable to the Company.
- xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the provisions stated under clause (xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the provisions stated under clause (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in note 2.37 to the standalone financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act, are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund specified in schedule VII of the Act, or to a Special Account as per the provisions of Section 135 of the Act, read with schedule VII to the Act. Accordingly, reporting under clause (xx)(a) and (xx)(b) of the Order is not applicable to the Company.
- xxi. The reporting under clause (xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W



Geetha Jeyakumar
Partner
Membership No. 029409
UDIN: 25029409BMMIUX1121



Place: Chennai
Date : September 30, 2025

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ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEX CHILDRENSWEAR LIMITED FOR THE YEAR ENDED MARCH 31, 2025

[Referred to in paragraph 2(g) Under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Kitex Childrenswear Limited on the Financial Statements for the year ended March 31, 2025]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Kitex Childrenswear Limited ("the Company") as of March 31, 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Qualified Opinion

In our opinion, except for the possible effects of the material weakness described in Basis for Qualified Opinion section below on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to standalone financial statements as at March 31, 2025, and such internal financial controls with reference to standalone financial statements were operating effectively as of March 31, 2025, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2025, and these material weakness have effected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements of the Company

Basis for qualified opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to Standalone financial statements as at March 31, 2025:

The Company's internal control system over the evaluation of impairment in investment in an Associate Company (Refer to the 'Basis for Qualified Opinion' section of the main audit report) was not operating effectively. This could potentially result in material misstatement of the carrying value of Investment in Associate and the non-identification of provision if any.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to consolidated financial statements, such that there is a reasonable possibility that a material misstatement of the Group's annual or interim financial statements will not be prevented or detected on a timely basis.

Managements' and Board of Director's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.



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Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

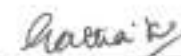
Meaning of Internal Financial Controls With reference to Standalone Financial Statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls With reference to Standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W



Geetha Jeyakumar
Partner
Membership No. 029409
UDIN: 25029409BMMIUX1121



Place: Chennai
Date : September 30, 2025

Kitex Childrenswear Limited
Standalone Balance Sheet as at March 31, 2025

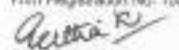
(All amount are stated in lakhs unless stated otherwise)

Sl No.	Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
I ASSETS				
1 Non-current assets				
	(a) Property, Plant and Equipment	2.01A	4,680.86	8,385.88
	(b) Capital work-in-progress	2.01B	72.30	-
	(c) Financial Assets			
	(i) Investments	2.02	60,055.66	37,396.48
	(ii) Loans	2.03	981.15	977.01
	(iii) Other financial assets	2.04	87.44	82.04
	(d) Income Tax Assets	2.05	-	128.12
	(e) Other non-current assets	2.06	-	279.71
	Total non current assets		65,877.21	47,249.24
2 Current assets				
	(a) Inventories	2.07	-	9,731.87
	(b) Financial Assets			
	(i) Trade receivables	2.08	-	8,970.83
	(ii) Cash and cash equivalents	2.09	-	2,273.36
	(iii) Bank balances other than (i) above	2.10	-	909.04
	(iv) Other financial assets	2.11	86.72	769.43
	(c) Other current assets	2.12	75.62	2,123.97
	Total current assets		165.24	24,768.29
	Assets classified as held for sale	2.28	42,530.19	-
	Total assets		108,572.67	72,017.53
II EQUITY AND LIABILITIES				
1 Equity				
	(a) Equity Share Capital	2.13	643.91	643.91
	(b) Other Equity	2.14	88,535.97	50,037.32
	Total Equity		89,179.88	50,681.23
Liabilities				
2 Non-current liabilities				
	(a) Financial Liabilities			
	(i) other financial liability	2.15	-	393.64
	(b) Provisions	2.16	-	763.21
	(c) Deferred tax liabilities (Net)	2.17	8,703.43	5,382.01
	(d) Other Non Current Liabilities	2.18	-	32.44
	Total non current liabilities		8,703.43	6,571.30
3 Current liabilities				
	(a) Financial Liabilities			
	(i) Borrowings	2.19	-	4,887.68
	(ii) Trade payables	2.20	-	304.72
	- Total outstanding dues of micro enterprises and small enterprises		-	304.72
	- Total outstanding dues of creditors other than micro enterprises and small enterprises		-	7,517.14
	(iii) Other financial liabilities	2.21	-	144.80
	(b) Provisions	2.22	-	206.64
	(c) Current Tax Liabilities	2.23	505.60	1,113.81
	(d) Other Current Liabilities	2.24	0.46	224.21
	Total current liabilities		505.06	14,489.30
	Total liabilities		9,208.49	21,030.35
	Liabilities directly associated with the assets held for sale and discontinued operation		9,882.20	-
	Total equity and liabilities		108,572.67	72,017.53

Standalone material accounting policies and key accounting estimates and judgements - See Note 1

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For M S K A & Associates
Firm Registration No. 106047W

 Geetha Jayakumar
 Partner
 Membership No. 029409
Place: Chennai
Date: September 30, 2025For and on behalf of the Board of Directors
Kitex Childrenswear Limited
CIN L18119L1991PL0006048

 Sibu M. Jacob
 Director
 DIN: 00048016


 Thomas Cherian
 Whole Time Director
 DIN: 02160432
Place: Kizhakkambalam
Date: September 30, 2025

Kitex Childrenswear Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2025

(All amounts are stated in lakhs unless stated otherwise)

Sl No.	Particulars	Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024 (Revised)
	II INCOME FROM CONTINUING OPERATIONS			
	(a) Other income	2.25	251.51	246.79
	Total Income		251.51	246.79
	III EXPENSES FROM CONTINUING OPERATIONS			
	(a) Depreciation and amortisation expense	2.25	157.67	158.11
	(b) Other expenses	2.27	356.30	368.88
	Total Expenses		513.97	526.99
	III Profit before tax from continuing operations (I - II)		(262.46)	(280.20)
	IV Tax expense:			
	(a) Current tax	2.17	-	-
	(b) Deferred tax benefit	2.17	(21.61)	(35.73)
	Total Tax Expenses		(21.61)	(35.73)
	V Profit for the year from continuing operations (III - IV)		(284.07)	(315.93)
	Profit before tax for the year from discontinued operations	2.28	6,618.57	6,194.05
	Tax expense of discontinued operations	2.28	1,528.76	2,043.30
	VI Profit for the year from discontinued operations		4,077.81	4,144.75
	VII Profit for the year (V + VI)		3,793.74	3,828.82
	VIII Other Comprehensive Income			
	Items that will not be reclassified to profit or loss:			
	(i) Fair value changes on Equity Instruments carried through other comprehensive income		37,947.00	4,742.45
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(3,267.28)	(1,193.67)
	Total other comprehensive income for the year for continuing operations		34,679.72	3,548.78
	IX Total other comprehensive income for the year for discontinued operations, net of tax		16.77	1.85
	X Total Comprehensive Income for the year (Comprising of Profit and Other Comprehensive Income/ (Loss) for the year)		38,490.23	3,851.11
	XI Earnings per equity share for continuing operations (Face value of Rs.100 each)			
	Basic & Diluted in Rs.	2.29	(29.58)	(33.58)
	Earnings per equity share for discontinued operations (Face value of Rs.100 each)			
	Basic & Diluted in Rs.		423.23	435.33

Standalone material accounting policies and key accounting estimates and judgements - See Note 1

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached
 For M S K A & Associates
 Firm Registration No. 105047W


 Geetha Jayakumar
 Partner
 Membership No. 229406

Place: Chennai
 Date: September 30, 2025

For and on behalf of the Board of Directors
 Kitex Childrenswear Limited
 CIN:U1621K,1987PL,0396043

 
 Valsu M. Jacob Thomas Cherian
 Director Whole Time Director
 DIN: 00046518 DIN: 02102433

Place: Kizhambalam
 Date: September 30, 2025



Kitex Childrenswear Limited
Standalone Statement of Cash Flows for the year ended March 31, 2025

(All amount are stated in lakhs unless stated otherwise)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax from continuing operations	(302.46)	(880.00)
Profit before tax from discontinued operations	5,616.57	6,194.06
Net Profit before tax	5,314.11	5,314.06
Adjustments for:		
Depreciation and Amortisation expense	667.86	742.03
Interest Receivable Written Off - Subsidiary	63.54	-
Unrealised foreign exchange (gain)/loss (net)	102.75	(89.17)
Interest income	(144.44)	(136.57)
Dividend income	(168.79)	(158.79)
Delayed Grant Income	(5.63)	(5.68)
Provision/sundry balances written off through profit and loss	32.92	155.21
Liability no longer required written Back	-	153.26
Fair Valuation of financial guarantee	-	(131.41)
Guarantee Income	(228.62)	-
Provision for Leave Encashment	115.20	146.86
Provision for Gratuity	212.94	199.33
Finance Cost	326.13	439.36
Operating profit before working capital changes	6,305.97	6,627.48
Adjustments for:		
Trade and other receivables	4,005.06	(2,813.93)
Inventories	1,885.78	(1,734.99)
Trade, other payables and provisions	(3,533.31)	(1,201.16)
Cash generated from operations	8,673.52	847.42
Direct taxes paid (net of refunds)	(2,091.56)	(1,560.29)
Net Cash (used) in / generated from operating activities (A)	6,581.96	(712.87)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of PPE	(185.34)	(77.81)
Purchase of non-current investments	(5,191.21)	(319.34)
Investments in bank deposits (having original maturity of more than three months) (Net)	(66.20)	(47.42)
Decrease in balance in earmarked accounts	0.01	0.01
Repayment of loan by subsidiaries	(4.15)	9.04
Interest received	62.67	60.75
Dividend received	158.79	158.79
Net cash (used) in investing activities (B)	(6,215.42)	(224.94)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Net increase in working capital borrowings	(716.81)	3,089.87
Interest expense paid	(407.15)	(385.13)
Net cash generated from financing activities (C)	(1,123.96)	2,724.74
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(787.43)	1,798.63
Effect of unrealised foreign exchange gain	(102.70)	89.17
Cash and cash equivalents at the beginning of the year	3,273.35	387.25
Cash and cash equivalents at the end of the year	1,413.17	2,273.35
Components of Cash and cash equivalents		
Cash and cash equivalents as per Balance Sheet (Refer Note 2.05)	-	2,273.35
Cash and cash equivalents attributable to discontinued operations (Refer Note 2.28)	1,413.17	-
Total Cash and cash equivalents	1,413.17	2,273.35

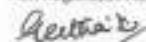
Standalone material accounting policies and key accounting estimates and judgements - See Note 1

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For M S K A & Associates

Firm Registration No. 103047W



Geetha Jeykumar

Partner

Membership No. 029409

Place: Chennai

Date: September 30, 2025



For and on behalf of the Board of Directors

Kitex Childrenswear Limited

CIN L40101KL1997PLC6048



Sibin M. Jacob

Director

DIN: 00046016

Place: Kozhikambalam

Date: September 30, 2025



Thomas Cherian

Whole Time Director

DIN: 02160432



Kitex Childrenswear Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2025

(All amounts are stated in lakhs unless stated otherwise)

A. Equity Share Capital

Particulars	No. of shares	As at	
		March 31, 2025	March 31, 2024
Balance at the beginning of the reporting year	949,925	949.91	949.90
Changes in equity share capital during the year	-	-	-
Balance at the end of the reporting year	949,925	949.91	949.90

B. Other Equity

Particulars	Reserves and Surplus		Equity Instrument through Other Comprehensive Income	Total
	General Reserve	Retained Earnings		
Balance as at April 01, 2023	8,066.05	24,728.68	10,407.48	43,199.21
Profit for the year	-	3,305.48	-	3,305.48
Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax of Rs. 0.62 lakhs)	-	1.28	-	1.60
Fair value changes on equity instruments carried through other comprehensive income (net of tax of Rs (1,193.58 lakhs))	-	-	3,548.77	3,548.77
Balance at March 31, 2024	8,066.05	28,035.44	13,956.25	49,057.74
Balance as at April 01, 2024	8,066.05	28,035.44	13,956.25	49,057.74
Profit for the year	-	3,797.14	-	3,797.14
Remeasurement benefit of defined benefit plans in other comprehensive income (net of tax of Rs. 5.62 lakhs)	-	16.77	-	16.77
Fair value changes on equity instruments carried through other comprehensive income (net of tax of Rs 3,287.28 lakhs)	-	-	34,673.72	34,673.72
Balance at March 31, 2025	8,066.05	31,849.35	48,629.97	88,545.37

Standalone material accounting policies and key accounting estimates and judgements - See Note 1

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
 For M S K A & Associates
 Firm Registration No. 10624718

Geetha Jayakumar

Geetha Jayakumar
 Partner
 Membership No. 029409

Place: Chennai
 Date: September 30, 2025



For and on behalf of the Board of Directors of
 Kitex Childrenswear Limited
 CIN: U51311, 1997PLC028948

Sibu M. Jacob
 Director
 DIN: 0004018

Thomas Cherian
 Whole Time Director
 DIN: 02180432

Place: Kizhakkambalam
 Date: September 30, 2025



Notes to the Standalone Financial Statements for the year ended March 31, 2025

General Information

Kitex Childrenswear Limited ('the Company') is a Public Company incorporated and domiciled in India having its registered office at Kizhakkambalam, Alwaye, Ernakulam- 683582, Kerala, India. The Company is leading Indian apparel manufacturer and exporter of knitted garments for infants and kids. The Company was incorporated in the year 1991 under erstwhile Companies Act; 1956. Its manufacturing locations are at Kizhakkambalam. It has four wholly owned subsidiaries, one overseas associate and one Indian associate.

1. Material Accounting Policies

1.1 Basis of Accounting and Preparation of Standalone Financial Statements

(i) Statement of compliance

The Standalone financial statements which comprise the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, and the Statement of Changes in Equity ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015, along with relevant amendment rules issued thereafter and other relevant provisions of the Act, as applicable.

(ii) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis on the accrual basis of accounting, except for the following -

(a) Certain financial assets and liabilities (including derivative instruments) that is measured at fair value;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(iii) Rounding off amounts

All amounts disclosed in standalone financial statements and notes have been rounded off to the nearest lakhs as per requirement of Schedule III of the Act, unless otherwise stated.

(iv) Use of estimates and judgement

In the preparation of standalone financial statements, the management makes estimates and assumptions in conformity with the Generally Accepted Accounting Principles in India. Such estimates and assumptions are made on reasonable and prudent basis taking into account all available information. However, actual results could differ from these estimates and assumptions and such differences are recognised in the period in which results are ascertained. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the standalone financial statements are disclosed in Note 1.19.

1.2 Current versus Non-Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their



realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

1.3 Property, Plant & Equipment

Property, plant and equipment (except freehold land) are stated at cost of acquisition less accumulated depreciation and impairment if any. Freehold land is carried at historical cost. The company is adopting the cost model for determining gross carrying amount. Cost comprises of purchase price, inward freight, duties, taxes and any attributable cost of bringing the assets to its working condition for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably..

Depreciation methods, estimated useful lives

Depreciation on property, plant and equipment is provided on Straight Line Method at the useful lives based on a review by the management at the year end as under:

(a) Assets (other than capital spares) - based on useful lives prescribed under Schedule II of the Companies Act, 2013.

(b) Capital spares - based on useful life of each replaced part (2 - 5 years).

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income' or 'Other expenses'.

1.4 Investment in Subsidiaries and Associates

Investment in subsidiaries and associate is measured at cost less provision for impairment.

1.5 Inventories

Inventories are valued at lower of cost or net realisable value. For this purpose, the cost of bought-out inventories comprises of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on First-in, First-Out (FIFO) basis. Cost of Inventory comprises Cost of Purchase, Cost of Conversion and other Costs incurred to bring them to their respective present location and condition. The net realisable value of bought-out inventories is taken at their current replacement value. The cost of manufactured inventories comprises of the direct cost of production plus appropriate fixed and variable production overheads.

1.6 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the standalone financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The standalone financial statements are presented in Indian Rupees ("INR"), which is the functional currency and presentation currency of the Company.

(b) Transactions and balances

Foreign exchange transactions are recorded at the functional currency adopting the exchange rate prevailing on the dates of respective transactions. Monetary assets and liabilities denominated in



foreign currencies existing as on the Balance Sheet date are translated at the functional currency exchange rate prevailing as at the Balance Sheet date. The exchange difference arising from the settlement of transactions during the period and effect of translations of assets and liabilities at the Balance Sheet date are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit and loss are also recognised in Other Comprehensive Income or profit and loss, respectively).

1.7 Leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

1.8 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

1.9 Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants shall be recognised in profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to depreciable assets are presented in the Balance Sheet by setting up the grant as deferred income and are recognised in profit and loss over the periods and in the proportions in which depreciation expense on those assets is recognised and are presented under Other Income.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in profit and loss of the period in which it becomes receivable and are presented under Other Income/deducted from the related heads of expenditure.

1.10 Financial Instruments

(a) Financial asset

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories;

(a) at amortized cost; or



(b) at fair value through other comprehensive income; or at fair value through profit or loss.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

(ii) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

(b) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial guarantees are recognised at fair value.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest rate method. Gains and losses are recognised in profit and loss when the liabilities are de-recognised as well as through the amortisation of effective interest.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

1.11 Revenue Recognition

The Company derives revenues primarily from sale of manufactured fabric and readymade garments.

Revenue is recognized at point in time on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products.

Other operating revenue - Export incentives: Export incentives under various schemes are accounted upon fulfilling the conditions established by respective regulations as applicable to the Company and as amended from time to time.

Income is recognised at the value or rate prescribed by respective regulations.

Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss account.



Interest income is recognised on accrual basis.

1.12 Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with the provisions of the Income Tax Act, 1961. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period on taxable profits computed in accordance with Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or items related to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.13 Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Defined contribution plans

The company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are recognised as employee benefit expense in the Statement of Profit and Loss for the year.

(c) Defined benefit plans: Gratuity

The net present value of the obligation for gratuity benefits are determined by independent actuarial valuation, conducted annually using the projected unit credit method.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefits are recognised immediately in Statement of Profit and Loss as past service cost, if any, and net interest on the defined benefit liability/(asset) are recognised in the Statement of Profit and Loss.

Remeasurements of the net defined benefit liability/(asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest), are recognised in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.



(d) Long-term employee benefits: Compensated absences

The company has a scheme for compensated absences for employees, the liability of which is determined based on an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

1.14 Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company's operations predominantly relate to one operating segment i.e. Textile – Infant / Kids Apparel manufacturing.

1.15 Earnings Per Share

Basic/diluted earnings per share is calculated by dividing the net profit and loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/diluted potential equity shares outstanding as at the end of the year, as the case may be.

1.16 Impairment of Non-Financial Assets

The Company assesses at each year end whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. An asset or a cash generating unit is treated as impaired, when the carrying value of assets exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Based on such assessment, impairment loss if any is recognised in the Statement of Profit and Loss for the period in which the asset is identified as impaired.

1.17 Cash and Cash Equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

1.18 Provisions and Contingent Liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) because of a past event, for which it is probable that a cash outflow will be required, and a reliable estimate can be made of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows (when the effect of time value of money is material). These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

When the company expects some or all the provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

Contingent liabilities are disclosed when the company has a possible obligation, or a present obligation and it is probable that an outflow of resources will not be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

1.19 Significant Accounting Judgments, Estimates and Assumptions

The preparation of standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and



liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

(i) Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

(ii) Actuarial valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after considering inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the standalone financial statements.

(iii) Impairment of assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of advances/receivables:

Management reviews its receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.

1.20 Assets classified as held for sale

The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset (or disposal group) to be highly probable when:

- ▶ The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- ▶ An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- ▶ The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- ▶ The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and



► Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets (or disposal group) held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities (or disposal group) classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

A discontinued operation is a component of the Company that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation are presented separately in the Statement of Profit and Loss for all the periods presented.

1.21 Amendments effective from April 1, 2025

The Ministry of Corporate Affairs has notified amendments to various Indian Accounting Standards through the Companies (Indian Accounting Standards) Amendment Rules, 2025 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2025 as under:

Amendments to Ind AS 1 and Ind AS 10: Classification of Liabilities as Current or Non-current

These amendments are introduced to clarify the requirements on determining whether a liability is current or non-current and require new disclosures for non-current liabilities that are subject to future covenants. These amendments apply for the annual reporting periods beginning on or after April 1, 2025, while certain amendments are effective for annual reporting periods beginning on or after April 1, 2026. The Company is in the process of assessing the impact of these amendments, which will be applied retrospectively in accordance with Ind AS 8. These amendments may particularly affect the classification and disclosures relating to non-current borrowings subject to future covenant compliance.

Amendments to Ind AS 107 and Ind AS 7: Supplier Finance Arrangements

These amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for the annual reporting periods beginning on or after April 1, 2025. These amendments are not expected to have any impact on the Company's financial statements as the Company has not entered into supplier finance arrangements within the scope of the amendments.

Amendments to Ind AS 21: The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)

These amendments require assessing currency exchangeability and estimating exchange rates when currencies are not readily exchangeable and also requires specific disclosures viz. the nature and financial effects of the currency not being exchangeable, the spot exchange rates used, the estimation process, and the risks to which the entity is exposed because of the currency not being exchangeable. The amendment also lays down transition requirements, while specifically stating that an entity shall not restate comparative information in applying Lack of Exchangeability. These amendments are effective from April 1, 2025; however, these amendments are not expected to have a material impact on the Company's financial statements as the Company's transactions are limited to currencies that are freely convertible and exchangeable, and management has assessed that no significant restrictions apply to its operations.



Amendments to Ind AS 12: international tax reform—Pillar Two model rules

The amendments to Ind AS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation. These amendments have no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules.



Kiteex Childrenswear Limited
 Notes forming part of the Standalone Financial Statements for the year ended March 31, 2023
 (All amounts are stated in lakhs unless stated otherwise)
 2.17A Property, Plant and Equipment - Standalone

Particulars	Gross Block (in crore)				"Due to reclassification as Discontinued operations (Refer Note)	Depreciation			Net Block Balance as at March 31, 2023	Net Block Balance as at March 31, 2022	
	Balance as at April 1, 2024	Additions-continuing operations	Additions in assets held for sale	Disposals / deletion		Balance as at March 31, 2024	Balance as at April 1, 2024	for the year Continued operations			for the year Assets held for sale
Freehold Land	487.75	-	-	-	487.75	-	-	-	-	-	487.75
Buildings	4,968.53	-	80.47	-	4,968.53	817.95	157.87	434.49	-	775.63	4,182.91
Plant and Machinery	5,257.87	-	-	-	(5,348.14)	2,213.50	-	19.29	(2,327.79)	-	-
Furniture and Fixtures	160.53	-	-	-	(192.52)	97.81	-	29.21	(117.10)	-	-
Vehicles	317.06	-	-	-	(317.06)	139.35	-	30.35	(198.59)	-	-
Electrical Equipment	365.08	-	11.02	-	(364.10)	166.04	-	5.54	(196.24)	-	-
Computers	110.43	-	10.95	-	(121.28)	102.64	-	1.47	(156.18)	-	-
Office Equipments	12.75	-	1.40	-	(14.15)	0.52	-	1.47	(13.25)	-	-
Total	11,729.78	-	81.84	-	(8,393.30)	3,245.81	187.87	819.29	(3,238.18)	775.63	4,688.66

* Assets with WDV of Rs. 3,117.21 lakhs pertaining to Discontinued Operations represents the assets of Textile Division and to be transferred by the Company pursuant to the Scheme of Arrangement. (Refer Note no 2.25).

Particulars	Gross Block (in crore)				Balance as at March 31, 2024	Depreciation			Net Block Balance as at March 31, 2024	Net Block Balance as at March 31, 2023
	Balance as at April 1, 2023	Additions-continuing operations	Disposals / deletion	Disposals / deletion		Balance as at April 1, 2023	for the year Continued operations	for the year Non Disposal		
Freehold Land	487.75	-	-	-	487.75	-	-	-	-	487.75
Buildings	4,968.53	-	-	-	4,968.53	158.11	-	817.95	4,350.58	4,350.58
Plant and Machinery	5,247.21	43.40	-	-	(5,287.67)	487.01	-	2,253.30	3,074.37	3,074.37
Furniture and Fixtures	161.89	-	-	-	(192.52)	22.47	-	97.81	94.71	94.71
Vehicles	362.95	-	-	-	(317.06)	104.67	-	139.35	177.71	177.71
Electrical Equipment	345.97	-	-	-	(365.08)	159.90	-	169.04	187.04	187.04
Computers	323.82	6.61	-	-	(110.43)	102.68	-	102.64	7.79	7.79
Office Equipments	9.38	3.37	-	-	(12.75)	4.26	-	3.82	3.93	3.93
Total	11,811.43	103.36	-	-	11,729.79	742.33	-	3,345.31	6,383.80	6,383.80



2.01B Capital work-in-progress

2.01 B - Capital Work-in-Progress

Particulars	GROSS BLOCK (at cost)				
	As at April 1, 2024	Additions during operations	Assets held for sale	Deductions/Adjustment	As at March 31, 2025
Building under Plant and Equipment under installation	-	72.30	37.83	-	72.30
Total	-	72.30	37.83	(37.83)	72.30

Particulars	GROSS BLOCK (at cost)			
	As at April 1, 2023	Additions/Adjustments	Deductions/Adjustments	As at March 31, 2024
Building under Plant and Equipment under installation	35.00	-	35.00	-
Total	35.00	-	35.00	-

a. CWIP aging schedule

Particulars	Amount in CWIP for a period of				As at March 31, 2025 Total
	less than 1 year	1-2 years	2-3 years	than 3 years	
Projects in progress Projects temporarily suspended	72.30	-	-	-	72.30

Particulars	Amount in CWIP for a period of				As at March 31, 2024 Total
	less than 1 year	1-2 years	2-3 years	than 3 years	
Projects in progress Projects temporarily suspended	-	-	-	-	-

2.21C Other intangible assets

Particulars	Gross Block (at cost)			Amortisation		Net Block As at March 31, 2025
	As at April 1, 2024	Additions during the year	Disposal/Adjustments	As at April 1, 2024	Additions during the year	
Computer software	4.81	-	-	4.81	-	4.81
Total	4.81	-	-	4.81	-	4.81

Particulars	Gross Block (at cost)			Accumulated amortisation		Net Block As at March 31, 2024
	As at April 1, 2023	Additions during the year	Disposal/Adjustments	As at April 1, 2023	Additions during the year	
Computer software	4.81	-	-	4.81	-	4.81
Total	4.81	-	-	4.81	-	4.81



Kitee Childrenswear Limited
Notes forming part of the Standalone Financial Statements for the year ended March 31, 2025
(All amounts are stated in lakhs unless stated otherwise)

2.16 Investments (Discontinued)

Particulars	As at March 31, 2025	As at March 31, 2024
Investments in equity investments (Measured at fair value through OCI)		
Quoted (Trade)		
3.17.12.146.21.03.0201 - 1,26,86,807 equity shares of Rs. 1/- each of Kitee Garments Limited, fully paid up	27,287.38	6,888.30
Investments carried at cost		
Unquoted (Trade)		
In Subsidiary Companies:		
1.05.005.01.03.0001 - 1,00,000 equity shares of Rs. 10/- each of Kitee Clothing Systems (Kitee Apparel Limited), fully paid up	10.00	10.00
2.11.05.000.26.03.0001 - 1,11,00,000 equity shares of Rs. 10/- each of Kitee Apparel Limited, fully paid up	2,110.00	2,110.00
26.04.206.21.03.0001 - 26,04,206 equity shares of Rs. 10/- each of Kitee Apparel Limited, fully paid up	260.42	260.42
1.0.01.01.03.0001 - 100,000 equity shares of Kitee Clothing Systems L.L.P. (Kitee Apparel Limited)	400.00	-
In Associate Company:		
01.02.01.01.01.03.0001 - 42,08,210 equity shares of Kitee Clothing Systems L.L.P. (Kitee Apparel Limited)	2,160.20	2,160.20
1.0.01.01.01.01.03.0001 - 10,00,000 equity shares of Kitee Clothing Systems L.L.P. (Kitee Apparel Limited)	10,000.00	10,000.00
Fair value of financial instruments given to associates - (Refer Note 2.12.1)	127.11	644.11
	24,884.11	20,062.03
Less: Investments shown as "Goodwill for sale" (Refer Note 2.12)	(20,062.03)	-
Total	4,822.08	20,062.03
Aggregate amount of unquoted investments	22,675.09	18,417.14
Aggregate amount of quoted investments and market value thereof - The market value of quoted investments is equal to the carrying value	2,146.99	16,644.89

2.16.1 The Company holds an investment in an Associate, Kitee USA LLC, which amounts to Rs. 1,92,21,540 as at March 31, 2025 (March 31, 2024: Rs. 1,92,21,540). Further, the Associate has been providing services to the Company and has been providing services to other customers of the Associate, who are located in the United States. The management of the Company has reviewed and indicated the fair value of the investment is continuing unless there is a change in business plan for business that is not in the best interest of the Associate, who are located in the United States and with which the Associate has made certain long-term and other commitments to the United States. Based on these facts, the management of the Company believes that the investment of the Associate is not in the best interest of the Company and will not be in the best interest of the Associate, which should result in reduced projected returns and higher volatility in the price of the shares. The management of the Company considers that the fair value of the investment in Associate would be higher than the carrying value as at March 31, 2025. Accordingly, to maintain appropriate level of liquidity to be made to the carrying value of the investment of the Associate in the standalone financial statements of the Company for the year ended March 31, 2025, the investment is carried at cost and the same has been disclosed as Discontinued Operations in Note 2.12.

2.16.2 With effect from financial year 2021 of Company has entered into an agreement with Kitee Apparel (Kitee Apparel) to provide guarantee provided against long-term asset construction costs. Accordingly, the fair value adjustment previously recognized in income statement for FY 2021-22 is set with Rs. 10,00,000 in respect of guarantee given to Kitee Apparel has been adjusted in retained earnings. Company has been successful. The unadjusted portion of adjustment has been reversed, as the guarantee is now considered to be in an on-going status. These adjustments pertain to discontinued operations and have been disclosed as Discontinued Operations in Note 2.12.

2.16.3 The Debt Security is available on 21 May 1991 to establish a subsidiary, Kitee Clothing Systems L.L.P., with a Paid-Up Capital. The subsidiary has an authorized capital of Rs. 10,00,000 and has 100 percent of Rs. 10,00,000 each.

2.16.4 Loans/Debt Default

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, uncollateralized loan		
Loan given to Kitee Apparel (Refer Note 2.12.1)	50.11	57.18
	50.11	57.18

2.16.5 Company provided equipment to our parent in accordance with IAS 16. Assets recorded for the year ended March 31, 2024 are as follows. Further Company has discontinued operations of Kitee Apparel since FY 2024 onwards. Loans given are as follows in INR Lakhs.

2.16.6 Details of loans given received as follows of the Companies are as follows:

Name of the Company	Rate of Interest	Term Date	General Purpose used	Purpose of Loan	As at March 31, 2025	As at March 31, 2024
KITEE CHILDREN'SWEAR LIMITED (KITEE CHILDREN'SWEAR LIMITED)	8.1%	March 31, 2025	Operational	To finance the commencement of manufacturing activities, address capital required needs, and fulfil contractual and other obligations of the Company	27.18	27.18
KITEE-KERALA LIMITED	8.1%	March 31, 2025	Operational	To finance the commencement of manufacturing activities, address capital required needs, and fulfil contractual and other obligations of the Company	78.82	78.82
KITEE-KERALA LIMITED	8.1%	March 31, 2025	Operational	To finance the commencement of manufacturing activities, address capital required needs, and fulfil contractual and other obligations of the Company	271.47	271.47
Total					377.47	377.47

2.16.7 Other Financial Assets (Discontinued)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, uncollateralized loan		
Security deposit (Refer Note 2.12.1)	27.18	27.18
	27.18	27.18

2.16.8 Capital account includes deposits held as security by Kitee Kerala as at March 31, 2025 which are not expected to be returned for next 12 months for the purpose of security deposit.

2.16.9 Non-Current Tax Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Income tax receivable		
	27.18	27.18
	27.18	27.18



Reconciliation of present value of obligation		
	Current Year	Previous year
(B) Present value of obligation at the beginning of the year		
Current service cost	139.11	712.32
Interest cost	42.94	82.42
Actual gain/loss - financial assumptions	44.92	96.81
Actual gain/loss - demographic	25.94	4.42
Actual gain/loss - experience adjustments	(29.47)	-
Benefits paid	(14.48)	(8.96)
Present value of obligation at the end of the year	(138.88)	(250.95)
Contributions by the employer	528.01	759.77
Benefits paid	(700.84)	(642.86)
Expected employer's contribution next year	(190.84)	(200.86)
Expected employer's contribution next year	225.39	157.22
(C) Expenses recognized in the statement profit and loss		
Current service cost	140.96	152.52
Interest cost	48.88	48.81
Pre-service cost (if applicable)	-	-
Total expenses recognized in the statement of profit and loss for the year	212.84	199.33
(D) Expenses recognized in other comprehensive income		
Re-measurements during the period include:		
(a) Changes in financial assumptions	20.04	4.42
Changes in demographic assumptions	(26.41)	-
(b) Experience adjustments	(16.45)	(8.90)
Total re-measurements included in other comprehensive income (a+b)	(22.82)	(4.48)
(E) Sensitivity analysis		
Discount rate +50 basis points	-1.89%	-2.84%
Discount rate -50 basis points	1.97%	3.02%
Salary increase rate +50 basis points	1.92%	2.57%
Salary increase rate -50 basis points	-1.87%	-2.81%
(F) Maturity Analysis of the benefit payments		
	Current Year	Previous year
Year 1	226.48	187.47
Year 2	180.76	188.82
Year 3	138.88	173.52
Year 4	105.91	92.47
Year 5	86.71	59.98
Next 5 years and above	281.68	759.27

The above disclosures are based on information furnished by the management entity and verified upon by the auditor.

2.0R.24 Long term employee benefits

Compensated absence (serving and non-serving) unfunded obligation		
	Current Year	Previous year
(A) Actuarial assumptions		
Discount rate (per annum)	6.50%	1.25%
Salary escalation rate*	1.00%	1.00%
Mortality rate	Indian Annuity Life Mortality (2012-14) LR table	Indian Annuity Life Mortality (2011-14) LR table

*The assumption of future salary escalation takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

2.17 Deferred Tax Liabilities (Net)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax liability		
On excess of net book value over income tax written down value of property, plant and equipment	760.51	760.00
On excess of fair value over cost of quoted equity investments	8,112.24	4,887.67
Gross deferred tax liability (A)	8,872.75	5,647.67
Deferred tax asset		
On provisions/other differences	285.16	293.23
On Provision for Expected credit loss	17.20	-
On unearned interest grant	4.87	6.28
Gross deferred tax asset (B)	307.23	299.51
Net deferred tax liability (A-B)	8,565.52	5,348.16
Less: Assets directly associated with discontinued operations disclosed under Note 2.28	(200.78)	-
Net deferred tax liability	8,364.74	5,348.16

Reconciliation in Deferred Tax Liabilities/Assets balances during the year ended March 31, 2024

Particulars	Opening Balance April 01, 2023	Recognized in profit or loss	Recognized in Other Comprehensive Income	Recognized as tax expense of discontinued operations	Closing Balance March 31, 2024
A. Deferred Tax Liability					
On excess of net book value over income tax written down value of fixed assets	760.00	(4.20)	-	(25.70)	730.10
On excess of fair value over cost of quoted equity investments	4,887.67	-	3,224.26	-	8,111.93
On interest income contract	-	-	-	-	-
B. Deferred Tax Assets					
On Provisions	293.23	-	-	(25.89)	267.34
On Unearned/deferred grant	6.28	-	-	(14.82)	1.46
On Expected credit loss	-	(7.00)	-	-	(7.00)
Deferred Tax Liabilities (Net)	(4.20)	(11.20)	3,224.26	(40.59)	8,364.74

Reconciliation in Deferred Tax Liabilities/Assets balances during the year ended March 31, 2023

Particulars	Opening Balance April 01, 2022	Recognized in profit or loss	Recognized in Other Comprehensive Income	Recognized as tax expense of discontinued operations	Closing Balance March 31, 2023
A. Deferred Tax Liability					
On excess of net book value over income tax written down value of fixed assets	830.27	(25.71)	-	-	804.56
On excess of fair value over cost of quoted equity investments	3,854.30	-	1,032.67	-	4,886.97
On interest income contract	(22.90)	-	-	(22.90)	-
B. Deferred Tax Assets					
On Provisions	236.41	-	-	(22.87)	213.54
On Unearned/deferred grant	7.71	-	-	(14.43)	3.28
Deferred Tax Liabilities (Net)	4,852.86	(25.71)	1,032.67	(47.76)	5,812.06

Reconciliation of effective tax rate

The income tax expense for the year, net of recognized in the accounting profit is as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax		
From Continuing operations	(300.48)	(800.00)
From Discontinued operations	5,616.57	8,794.20
Computed from net taxable income calculated at 25.18%	1,387.88	1,077.48
Effect of:		
Timing expense from tax relief not deductible	(70.49)	(67.71)
Other	1,317.39	2,970.67
Income tax expense recognized in the statement of profit and loss	1,317.39	2,970.67



2.14 Other Non-Current Liabilities

Particulars	As at March 31, 2023	As at March 31, 2024
Deferred Credit on capital accounts	-	31.46
	-	31.46

2.15 Borrowings

Particulars	As at March 31, 2023	As at March 31, 2024
Loans repaid on advance - Secured	-	4,877.25
Participating loan from banks (see Note 2.16.1 below)	-	4,877.25

2.16.1 Note to Borrowings

(a) Working capital loans from banks are accounted for charge over the entire term of the Company, both present and future, against mortgage of 7.75 hectares of land and building belonging to the Company and by general guarantee of Director for Term of Loan.

(b) Working capital loan includes 100 Lakhs of State Bank of India (SBI) secured loan at 10.50% per annum (31.03.2024: 10%) and Axis Bank for 100 Lakhs interest rate is 10% per annum (31.03.2024: 10%). The loan has been restructured to Government Guarantees of Trade Credit scheme on collateral above State Bank of India (SBI).

(c) The Company has not been declared as a will defaulter by any bank or financial institution or other lender or court under the guidelines or instructions issued by the Reserve Bank of India.

(d) The quarterly returns or statements of account submitted to the Company with loans are not in agreement with the books of account. Reconciliation of quarterly returns or statements of account submitted with books of financial institutions are as follows:

Name of bank	Quarter	Particulars of Securities Provided	Amount of loan per books of Company (Rs. Lakhs)	Amount as reported by financial institutions (Rs. Lakhs)	Amount of difference	Reason for difference
State Bank of India	Q4 23	100 Lakhs	1,000.00	8,018.41	7,018.41	None (2.16.1(a))
State Bank of India	Q4 23	100 Lakhs	4,547.71	4,500.00	47.71	None (2.16.1(b))
State Bank of India	Q4 23	100 Lakhs	1,000.00	4,498.00	3,498.00	None (2.16.1(b))
State Bank of India	Q4 23	100 Lakhs	1,000.00	11,498.41	10,498.41	None (2.16.1(b))
State Bank of India	Q4 23	100 Lakhs	11,498.41	11,498.41	-	None (2.16.1(b))

(a) 1) Periodic Returns are submitted to the Banks before initiation of loan.

(a) 2) Returns submitted to Banks include explanatory statements from Government.

2.16.2 Trade Payables

Particulars	As at March 31, 2023	As at March 31, 2024
Trade receivables from other micro, small and medium enterprises	-	302.37
Trade receivables from other micro, small and medium enterprises	-	1,127.34
	-	1,429.71

2.16.3 The Company has taken steps to credit the suppliers who supply under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. However, there has been no action taken from some of the suppliers regarding their status under the said Act as at the year end. Based on which, principal amount raised to such suppliers as at the year end and representing in the FY 2023 (31.03.2024: Rs. 302.37 Lakhs) has been included under Trade payables, in the opinion of the management, there are no credits to the score-keepers and the impact of interest if any which may be payable in accordance with the provisions of the Act, is not material to be reported. Creditors required under section 22 of the Micro, Small and Medium Enterprises Development Act 2006 are as follows:

Particulars	As at March 31, 2023	As at March 31, 2024
Principal amount remaining unpaid for the year as at the year end	-	302.37
Interest due on principal amount remaining unpaid as at the year end	-	-
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act 2006 along with the amount of interest paid to the suppliers during the year	-	-
Interest due and payable for the period of delay in making payment (principal has been paid) during the year (not due as at the year end)	-	-
Interest accrued and remaining unpaid as at the year end	-	-
Further interest remaining due and payable even in the succeeding year, with such date when the interest due is cleared are actually paid to the suppliers, for the purpose of discharge of a liability in accordance with section 22 of the Micro, Small and Medium Enterprises Development Act 2006.	-	-
	-	302.37

2.16.4 March 31, 2023 - Trade Payables - aging analysis and categorization of BMMI - Other payables & Suspended Payables

Particulars	BMMI	Outstanding for following periods from due date of payment				As at March 31, 2023
		< 1 Year	1-2 Year	2-3 Year	> 3 Year	
As at 31/03/23	302.37	-	-	-	-	302.37
As at 31/03/24	1,429.71	1,284.00	1.48	2.15	-	1,287.63
Total	1,732.08	1,284.00	1.48	2.15	-	1,291.63

2.16.5 Other Financial Liabilities

Particulars	As at March 31, 2023	As at March 31, 2024
Provision towards capital goods	-	25.11
Provision towards provision provided to Kites Speed Parks Limited (Refer note 2.16.2)	-	118.08
	-	143.19

2.16.6 Short Term Provisions

Particulars	As at March 31, 2023	As at March 31, 2024
Provision for employee benefits	-	109.07
(i) Provision for compensated absences (Refer Note 2.16)	-	107.07
(ii) Provision for gratuity (Refer note 2.16)	-	2.00

2.16.7 Current Tax Liabilities/Other

Particulars	As at March 31, 2023	As at March 31, 2024
Provision for income tax (Total of advance tax of Rs. 100 Lakhs (March 31, 2023: Rs. 100 Lakhs)	-	115.53
	-	115.53

2.16.8 Other Current Liabilities

Particulars	As at March 31, 2023	As at March 31, 2024
Accrued provisions	-	31.42
Deferred Credit on capital accounts	-	4.83
Bank overdraft	-	82.79
Other current liabilities	3.44	102.05
	3.44	219.09



2.20 Other Income			
Particulars		For the year ended March 31, 2023	For the year ended March 31, 2024
Interest income		91.91	92.92
Other Dividends		108.74	108.74
Grant received		7.21	7.98
Total		207.86	209.64

2.20.1 The Company is a recipient of the Government Grants/Incentives as defined under Part IV(3) - "Accounting for Government Grants and Disclosure of Government Assistance" as under. The same is disclosed under Disclosures operations in Note 2.20.

- Grants in the nature of Merit-based Equity Incentive Scheme, National Old Age Pension, Jaly Doodhad and Service Tax Refund are disclosed under the head 'Grant Income' or 'Other Operating Revenue'.
- Grants in the nature of reimbursement of commitments capital asset under the Technology Upgradation Fund Scheme (TUFU) and other grant (SR Development Scheme (SDS) Project work) is disclosed as 'Deferred Grant'. The amount is disclosed under the head 'Other Income' in the proportion in which depreciation expense on fixed assets is recognized.
- Grants in the nature of reimbursement of interest paid on borrowing under the TUFU is disclosed under the head 'Other Income'.
- Grants in the nature of reimbursement of expenditure under the SDS Project is disclosed under the head of related expenses.

2.21 Depreciation expense			
Particulars		For the year ended March 31, 2023	For the year ended March 31, 2024
Depreciation of Property, Plant and Equipment (Note 2.13.1)		157.52	158.11
		157.52	158.11

2.22 Other expenses			
Particulars		For the year ended March 31, 2023	For the year ended March 31, 2024
Repairs			
- Building		91.42	91.91
Expenses on corporate social responsibility activities (See Note 2.27.3)		245.24	329.94
Provision for Depreciated Goodwill		97.14	
		333.80	421.85

2.22.1 Breakdown pertaining to Disclosed operations disclosed in Note 2.22.

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2024
Donations			
- To Political Parties*		188.00	397.00
- To Others		265.00	300.00
		453.00	697.00

* Contributions towards political parties as per section 132 of Companies Act, 2013 (included in Donations) for the year ended March 31, 2023.

Donation to political parties Rs. 145 lakhs.

Political party (In accordance with the Political Party Scheme notified by the Government of India).

2.23.1 Payments to Auditors as disclosed in Disclosed operations in Note 2.23.

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2024
1) Statutory Auditors		14.00	0.00
2) Other Services		0.00	0.00
Reimbursement of Expenses		13.00	9.33
		27.00	9.33

2.23.2 Details of expenses on corporate social responsibility activities:

(a) Gross amount required to be spent by the Company during the year is Rs. 50.00 lakhs (31.00 2024 Rs. 27.00 lakhs) towards CSR activities as per Companies Act.

(b) Amount spent from previous years: Nil

(c) Amount approved by board of directors to be spent during the year is Rs. 50.00 lakhs (31.00 2024 Rs. 27.00 lakhs).

(d) Amount spent during the year: Nil.

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2024
(a) Government expenditure of any amount		-	-
(b) Expenditure other than (a) above		345.34	399.67
		345.34	399.67

Details of excess CSR expenditure

Nature of Activity	Excess amount as at April 30, 2024	Amount required to be spent during the year	Amount spent during the year	Excess amount to be carried forward as at March 31, 2024*
Unutilized fund support to poor families (Note 2.27.1.1)	39.00	39.00	39.00	0.00

* As per section 135 with MCA.

2.23.2.1 Company is working with the public in near vicinity of its Factory, Nizhalkandam catering to greenery/public facility by providing various products at subsidised rates under the brand name of 'Treezy'. It is fully committed from the purchase price is borne by Company and not expense as disclosed as Corporate Social Responsibility expenditure. (20%)

2.24 Disclosed Operations

Financials before auditing at Board of directors held on February 11, 2025, approval was granted for the Scheme of Arrangement between Old Company (United F&S) and the Company and their respective shareholders and creditors, in compliance with Section 230 to 232 and other applicable provisions of the Companies Act, 2013, providing for amalgamation of assets/business division of the Company to UFL, existing regulatory approvals in accordance with Indian Accounting Standards (Ind AS) 101 - "Interim Financials" held by Old and Disclosed Operations. The results of the Transaction are shown for the year ended March 31, 2025 and have been determined separately in Disclosed Operations. Consequently, the Standalone Statement of Profit and Loss for the year ended March 31, 2025 pertains only to continuing operations, and the comparative figures for the year ended March 31, 2024 have been restated accordingly. Financial performance related to discontinued operations are listed below:



The following information relates to discontinued operations of Textile division:

Particulars	As at	
	March 31, 2025	March 31, 2024
INCOME		
(a) Revenue from operations	42,136.07	34,086.69
(b) Other income	494.58	787.38
Total Income	42,630.65	34,874.07
EXPENSES		
(a) Cost of materials consumed	11,597.67	12,029.89
(b) Changes in inventories of finished goods and work-in-progress	2,882.05	(1,294.42)
(c) Employee benefits expense	13,912.53	16,700.59
(d) Finance costs	387.08	439.31
(e) Depreciation and amortisation expense	9.18	580.32
(f) Other expenses	5,274.67	5,207.77
Total Expenses	37,474.95	26,680.22
Profit before tax (I - II)	5,155.70	8,193.85
Tax expense:		
(a) Current tax	1,601.20	2,048.75
(b) Deferred tax benefit	(62.41)	(9.40)
Total Tax Expense	1,538.79	2,049.29
Profit for the year (III - IV)	3,616.91	6,144.56
Other comprehensive income		
(i) Remeasurements of post-employment benefit obligations	22.41	1.48
(ii) Fair value changes on Equity Instruments carried through other comprehensive income	-	-
(iii) Income tax relating to items that will not be reclassified to profit or loss	3.64	(0.32)
Total other comprehensive income/(loss) for the year	26.05	1.16

Major class of assets and liabilities of Textile division are presented below:

Particulars	As at March 31, 2025
Assets	
Non-current assets	
(a) Property, Plant and Equipment	3,117.22
(b) Capital work-in-progress	27.25
(c) Financial Assets	
(i) Investments	30,588.70
(ii) Income Tax Assets	81.27
(iii) Deferred tax Asset (Net)	132.75
(iv) Other non-current assets	25.11
Total non-current assets	34,852.15
Current assets	
(a) Inventories	7,897.69
(b) Financial Assets	
(i) Trade receivables	4,939.29
(ii) Cash and cash equivalents	1,473.17
(iii) Bank balances other than in above	961.22
(iv) Other financial assets	884.14
(c) Other current assets	1,442.57
Total current assets	17,688.00
Total assets	42,540.15
Liabilities	
Non-current liabilities	
(a) Financial Liabilities	
(i) Provisions	791.58
(ii) Deferred tax liability (Net)	-
(iii) Other Non-current Liabilities	26.27
Total non-current liabilities	791.58
Current liabilities	
(a) Financial Liabilities	
(i) Borrowings	4,175.88
(ii) Trade payables	
Total outstanding dues of micro enterprises and small enterprises	184.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,042.87
(iii) Other financial liabilities	31.27
(b) Provisions	397.07
(c) Current Tax Liabilities	
(i) Current Tax Liabilities	154.36
Total current liabilities	9,881.36
Total liabilities	9,881.36
Net Asset - Net liabilities	32,658.79

Net worth less intangible int. in OCI, operations are as follows:

Particulars	As at March 31, 2025
Net worth generated from operating activities	1,872.11

2.28 **Earnings per equity share**

Particulars	For the year ended	
	March 31, 2025	March 31, 2024
Net profit for the year		
Continuing operations	(289.07)	(844.27)
Discontinued operation	4,077.71	6,184.75
Profit attributable to equity holders for basic earnings	3,788.64	5,340.48
Weighted average number of equity shares of Rs. 100/- each (fully paid-up)	841,935.00	849,963.32
Earnings per equity share - Basic & Diluted in Rs.		
Continuing operations	4.50	6.28
Discontinued operation	4.84	7.28



2.20 Segment Reporting

The Company's operations predominantly cater to one operating segment, i.e. Textile - Infant Kids Apparel manufacturing. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as one operating segment. Hence, no separate segment information has been furnished herewith. Pursuant to the Scheme of Change (Pillar) filed 2.05, Company's Textile segment has been identified as Disclosures Category.

2.21 Leases**2.21A Operating Lease: Company as lessee**

Office premises, godown & equipment are leased on operating lease. The lease term is renewable every year at the option of the Company. There is no escalation clause in the lease agreement. All lease contracts entered by the Company are for term less than one year. Hence Company have opted to exempt from the requirements under Ind AS 116. There are no restrictions imposed by lease arrangements. There are no subleases.

2.21B Operating Lease: Company as lessor

Office premises, godown & equipment are leased on operating lease. The lease term is renewable every year at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

2.22 Fair Value Measurement

The value of the financial instruments is classified into fair value hierarchies based on the following three levels:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to equal to the carrying amounts of these items due to their short-term nature. There were no transfers between Level 1 and Level 2 during the year.

The fair value hierarchy of financial instruments measured at fair value at a reporting date is as follows (excluding discontinued operations)

Particulars	Fair value hierarchy (Level)	As at March 31, 2023	As at March 31, 2024
Financial assets measured at fair value through other comprehensive income			
Investments in equity shares - Current	1	57,207.50	19,263.58

There have been no transfers between levels during the period.

Company also classifies the financial instruments as follows (excluding discontinued operations)

Particulars	See note	As at March 31, 2023	As at March 31, 2024
Financial assets measured at fair value through other comprehensive income			
Investments in equity shares - Current	0.06	57,207.50	19,263.58
Financial assets measured at amortized cost			
Non-current:			
Loans	0.00	86.75	87.01
Other financial assets	0.04	87.44	82.34
Current:			
(i) Trade receivables	0.06	-	8,078.83
(ii) Cash and cash equivalents	0.00	-	2,579.34
(iii) Bank balances other than (i) above	0.10	-	169.34
(iv) Other financial assets	0.11	86.72	760.45
		16,852.72	11,140.00
Financial assets measured at cost			
Non-current:			
(i) Investments in equity shares - Discontinued	0.06	2,342.75	18,027.15
		2,342.75	18,027.15
Financial liabilities measured at fair value through statement of profit and loss			
Foreign exchange derivatives (net)		-	-
Financial liabilities measured at amortized cost			
Non-current:			
(i) Financial liabilities	0.15	-	803.64
Current:			
(i) Short-term borrowings	0.19	-	4,087.58
(ii) Trade payables	0.00	-	7,887.36
(iii) Other financial liabilities	0.21	-	742.88
		-	12,718.46

2.23 Financial Risk Management - Objectives and Policies

The Company has a well managed risk management framework, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks such as liquidity risk, market risk, credit and exchange currency risk that may arise as a consequence of its business operations as well as its financing and financing activities.

Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable risk parameters in a disciplined and consistent manner and in compliance with applicable regulations.

2.23.1 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash to another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at a price close to fair value.

The Company has used financial strength (measured by its aggregate credit rating) as a guide to aggregate current liabilities (under any liquid) base and by working capital. In such circumstances, liquidity risk does not arise.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (excluding discontinued operations)

Maturity of financial liabilities	Less than 1 year		1 year to 5 years		More than 5 years	Total
	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024		
Goodwill intangible	-	-	-	-	-	-
Trade payable	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Maturity of financial liabilities						
Goodwill intangible	Less than 1 year		1 year to 5 years		More than 5 years	Total
	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024		
Trade payable	4,887.01	7,887.36	-	-	-	12,774.37
Other financial liabilities	7,887.36	742.88	1,000.00	1,000.00	8,130.24	19,707.45

2.23.2 Market risk

As the Company's primary debt has and is obtained through banks so far, there is minimal exposure to interest rate risk from the perspective of financial liabilities in aggregate.



8 Foreign currency risk

The Company's financial statements are denominated in Indian rupee (INR) and are subject to the risk of currency fluctuations. Foreign exchange rate fluctuations may impact the Company's financial performance. The Company has established an management policy to hedge the foreign exchange risk by using foreign currency derivatives and highly creditworthy counter parties through foreign exchange forward contracts. The management believes that such hedging arrangements will help to reduce the foreign exchange rate risk. As the Company is not a financial institution, the risk of foreign exchange is considered to be negligible.

The following presents the Company's foreign currency derivative contracts which are currency liabilities at the end of the reporting period as at March

Particulars	As at March 31, 2022	As at March 31, 2021
Assets		
INR	31.2	138.08
Liabilities		
INR	1.17	0.0

Includes foreign exchange forward contracts

9 Foreign currency sensitivity analysis

The following table shows the Company's sensitivity to INR exchange rate movements in the management forward foreign currency. The sensitivity analysis assumes only currency foreign currency derivative contracts and not other financial instruments with an embedded INR foreign currency liability.

Particulars	Impact in rupees of profit and loss for INR change	
	March 31, 2022	March 31, 2021
INR 1000 (Rupees lakhs)	0.11	0.12

10 Interest rate risk

The following table presents the Company's sensitivity to interest rate movements. Changes in interest rates will affect the fair value of the bank and borrowing financial assets and liabilities. The Company's financial assets and liabilities are not subject to significant changes in value.

Particulars	Impact in rupees of profit and loss for 1% change	
	March 31, 2022	March 31, 2021
Variable rate instruments		
Financial assets - loans receivable and other financial assets	0.1500	0.0000
Financial liabilities	0.1500	0.0000

Net flow sensitivity for variable rate instruments

Particulars	Impact in Rupees of Profit or Loss	
	March 31, 2022	March 31, 2021
Assets		
INR 1000 (Rupees lakhs)	0.00	0.00
INR 1000 (Rupees lakhs)	0.00	0.00

11 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is assessed mainly for the individual receivables of each customer. Management considers the creditworthiness of the Company's customer base, including the credit risk of its primary activity in which customer spends. The Company also monitors its credit risk. Credit risk is managed through credit approvals, credit limits and continuously monitoring creditworthiness of the customer. Credit risk management is a part of the Company's credit policy. Credit risk is assessed at the Company's reporting period. Credit risk is not a significant risk for the Company.

12 Capital Management

The Company's primary capital management objective is to ensure sufficient capital and other resources are available to enable the Company to continue its operations. The Company also manages capital to optimize its return on capital and to maintain its credit rating.

The Company's financial strategy is to support its strategic growth and ensure sufficient capital to its business for growth and sustainable shareholder value. The Company's bank is approved through credit approvals. The Company also monitors its credit risk through credit approvals. The Company also monitors its credit risk through credit approvals.

As at March 31, 2022, the Company has only one credit facility from a bank. The company is not subject to any externally imposed capital requirements.

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables from customers	41,88,94	32,00,00
Inventory	4,10,00	4,00,00
Other financial assets	1,00,00	1,00,00
Trade payables	2,75,00	1,00,00
Trade receivables from customers	42,73,94	38,00,00
Net trade receivables	40,98,94	37,00,00

13 Management Discussion

Management Discussion and Analysis Report for the year ended March 31, 2022

13.1 Management by risk which information has been given during the year

For the year ended March 31, 2022

- 1. Key Management Personnel
- 2. Staff of Key Management Personnel

1. Members of the Management Personnel

1.1. Mr. S. S. Sreedhar

1.2. Mr. S. S. Sreedhar

1.3. Mr. S. S. Sreedhar

1.4. Mr. S. S. Sreedhar

1.5. Mr. S. S. Sreedhar

1.6. Mr. S. S. Sreedhar

1.7. Mr. S. S. Sreedhar

1.8. Mr. S. S. Sreedhar

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1.49. Mr. S. S. Sreedhar

1.50. Mr. S. S. Sreedhar

For the year ended March 31, 2021

- 1. Key Management Personnel
- 2. Staff of Key Management Personnel

1. Members of the Management Personnel

1.1. Mr. S. S. Sreedhar

1.2. Mr. S. S. Sreedhar

1.3. Mr. S. S. Sreedhar

1.4. Mr. S. S. Sreedhar

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1.49. Mr. S. S. Sreedhar

1.50. Mr. S. S. Sreedhar



Details of related party transactions during the year ended March 31, 2024 and balances subsisting as at March 31, 2024 (including discontinued operations)

22.1 The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

A. Enterprises owned or significantly influenced by key management personnel or their relatives:	For the year ended March 31, 2024	For the year ended March 31, 2023
Kites Garments Limited		
Revenue from sale of goods and services (including expenses recovered)	1,263.00	2,893.42
Purchases of goods and services (including reimbursements)	(10,824.92)	(4,244.27)
Kites Limited		
Revenue from sale of goods and services (including expenses recovered)	1.63	30.14
Purchases of goods and services (including reimbursements)	0.50	-
Atma Marketing Company Private Limited		
Purchases of goods and services (including reimbursements)	0.88	1.00
Atma Aluminium - Kerala		
Purchases of goods and services (including reimbursements)	1.14	0.06
Geo Square Private Limited		
Purchases of goods and services (including reimbursements)	(2.15)	(60.64)
Twenty 20 Kichakkamman Association		
Revenue from sale of goods and services (including expenses recovered)	1.20	1.20
Dividend paid	(60.20)	(50.00)

B. Key management personnel	For the year ended March 31, 2024	For the year ended March 31, 2023
Parvathi Joseph		
Remuneration paid	39.74	71.30

C. Associate enterprises	For the year ended March 31, 2024	For the year ended March 31, 2023
Kites USA LLC		
Other receivables	1,081.27	860.82
Kites Apparel Fabs Limited		
Share amount	0,753.84	118.90
Fair value of purchase price (DND AS adjustment)	(28.62)	(21.41)
Corporate guarantees given to banks for loans taken by a associate company Kites Apparel Fabs Limited for setting up of manufacturing facility**	27,546.12	18,294.05
Due to/From related parties	158.61	-

** The loans are in compliance with Section 185(1) of the Companies Act, 2013.

D. Subsidiary companies	For the year ended March 31, 2024	For the year ended March 31, 2023
Kites Building Systems Limited (Earlier: Kites Apparel Limited)		
Share income (including dividend)	1.20	1.20
Interest income	0.47	1.90
Dividend income	0.25	0.25
Kites Kerala Limited		
Share income (including dividend)	1.20	1.20
Interest income	0.54	0.21
Share paid	(6.40)	(7.21)
Dividend received	0.25	(15.52)
Kites International Ltd		
Share income (including dividend)	1.20	1.20
Interest income	0.15	10.23
Dividend received	-	-
Dividend paid	0.11	0.23

22.2 Outstanding amounts carried in the Balance Sheet as at March 31, 2024 (including balances disclosed in Note 2.20)

A. Enterprises owned or significantly influenced by key management personnel or their relatives

Name of related party	As at March 31, 2024	As at March 31, 2023
Kites Garments Limited	Trade payables	4,356.40
	Interest on loans receivable	(15,490.00)
Kites Ltd	Trade receivables	0.71
Geo Square Private Limited	Trade payables	(3.39)
Twenty 20 Kichakkamman	Shareholdings	1.17

A. Subsidiary companies

Company Name	As at March 31, 2024	As at March 31, 2023
Kites International Limited	Trade receivables - amounts receivable	212.97
	Interest on loans receivable	20.11
	Net carrying value of investment	2,150.00
Kites Kerala Limited	Trade receivables - amounts receivable	130.38
	Interest on loans receivable	4.40
	Net carrying value of investment	389.65
Kites Building Systems Limited (Earlier: Kites Apparel Limited)	Trade receivables - amounts receivable	37.22
	Interest on loans receivable	1.01
	Net carrying value of investment	31.80

A. Associate enterprises

Company Name	As at March 31, 2024	As at March 31, 2023
Kites USA LLC	Net carrying value of investment	1,081.27
	Trade payables	(87.80)
	Other receivables	-
Kites Apparel Fabs Limited	Investment in associate (including FV of Guaranteed)	0,753.84
	Corporate guarantees given to banks for loans taken by a associate company Kites Apparel Fabs Limited for setting up of manufacturing facility	27,546.12
	FV of financial guarantees given (DND AS adjustment)	0.00

A. Relative of Key Management Personnel

Company Name	As at March 31, 2024	As at March 31, 2023
Parvathi Joseph	Salary payable	1.00

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

23. The details of Promoters, Directors, Officers and Controlling Holders are as reported under sub-section 2(2)(b) of the Companies Act for the year ended March 31, 2024.



23K.1 Contingent Liabilities not provided for:

Particulars	As at March 31, 2025	As at March 31, 2024
1. Claims against the Company not acknowledged as debts being demand raised against the Company, disputed on Appeal before various appellate authorities.		
2. Income tax dues	1,199.32	1,988.12
The above demands are disputed by the Company and matters are pending in appeal before appellate authorities in various stages. In the opinion of the management and based on legal advice received, these demands are not estimable in law and the company is hopeful of getting full relief and hence no provision has been made therefor.		
3. Bank guarantees	131.48	116.71
3. Corporate guarantees given to Banks for loans taken by associated company like Apparel Parks Limited for setting up of manufacturing facility	21,000.72	18,204.08

23L Financial Ratios

Ratio	As at March 31, 2025	As at March 31, 2024	Variance	Reason (if variation is more than 10%)
30) Current Ratio: (Borrow) (Total current assets/Current liabilities) (Current Assets/Inventories + Trade Receivable + Cash & bank balances + Other Current Assets) (Current liabilities: Short term borrowings + Trade Payables + Other financial liability + Current tax liabilities) + Provisions + Other Current Liability	0.32	1.71	-81%	Due to the decrease, a major part of current assets have been taken to assets held for sale
31) Debt-Equity Ratio: (Borrow) (Net debt / Average equity) (Net debt: Total borrowings - Cash and cash equivalents) (Equity: Equity share capital + Other equity)		0.88	-100%	Due to decrease, debt part has been taken to liabilities held for sale
32) Debt Service Coverage Ratio, (EBIT/ Net finance charges + Scheduled principal repayments of non-current borrowings) (EBIT: Profit before taxes - (-) (Exceptional items + Net finance charges) (Net finance charges: Finance costs (including interest on current borrowings) - Interest income - Dividend income from current investments - Net gain/loss) on sale of current investments)	14.18	13.15	8%	NA
33) Return on Equity Ratio (%) (Profit after tax (PAT) / Average Equity) (Equity: Equity share capital + Other equity)	0.4%	8.9%	-99%	NA
34) Inventory turnover ratio (in days) (Average inventory / Cost of materials consumed + Changes in inventories of finished goods, work in progress)	118.27	219.84	-46%	Decrease in inventory FY 2024-25
35) Trade Receivables turnover ratio (in days) (Average trade receivables / Turnover in days) (Turnover: Revenue from operations)	60.28	64.28	-20%	Decrease in Collection period FY 2024-25
36) Trade payables turnover ratio (in days) (Average Trade Payables / Cost of materials consumed + Changes in inventories of finished goods, work in progress) (Average Trade Payables: Closing Trade Payables + Closing Trade Payables(C))	157	251	-36%	Decrease in inventory payable FY 2024-25
37) Net capital turnover ratio (in days) (Average working capital / Turnover) (Working capital: Current assets - Current liabilities) (Turnover: Revenue from operations)	76	20	-11%	NA
38) Net profit ratio (%) (Net profit after tax / Turnover) (Turnover: Revenue from operations)	6%	6%	-4%	NA
39) Return on Capital employed (%) (EBIT / Capital Employed) (Capital Employed: Total Assets - Current Liabilities) (EBIT: Profit before taxes - (-) (Exceptional items + Net finance charges))	6%	10%	-42%	Decrease in profit Margin FY 2024-25

23M Capital Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances): Rs. 11.12 lakhs (Rs. 454.00 lakhs)

23N Note on Ultimate Beneficiaries

The Company has not advanced or loaned or invested funds during the reporting periods to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding whether recorded in writing or otherwise that the intermediary shall: (i) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The Company has not received any fund during the reporting periods from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



2.40 Other Disclosures

- (i) Relationship with Group of Companies under section 247 of the Companies Act, 2013 or section 182 of Companies Act, 1956 - The Company does not have any transactions or relationships with any group of Companies.
- (ii) Details of Litigation/Property held - The Company does not have any litigation/property, where any proceeding has been initiated or pending against the company for holding any litigious property.
- (iii) Unaudited accounts - The Company does not have any unaudited income which is not recorded in the books of account that has been surrendered or disclosed as income during the year / previous year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (iv) Registration of charges or satisfaction with Registrar of Companies - The Company does not have any charges or satisfaction which is yet to be registered with ROC (except the statutory central).
- (v) Details of Crypts Currency or Virtual Currency - The Company has not traded or invested in Crypts Currency or Virtual Currency during the financial year.
- (vi) Compliance with approved Schemes of Arrangements - The Company has not entered into any scheme of arrangement which has an accounting impact or current or previous financial year.
- (vii) Title deeds of Immovable Properties held in name of the Company - The title deeds of all the immovable properties are held in the name of the company.
- (viii) The Code on Social Security 2020 - The Code on Social Security 2020 (the Code) relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 12, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.
- (ix) Compliance with number of layers of companies - The Company has complied with the number of layers prescribed under clause (b) of section 3 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

2.41 Note on Audit Trail

The Company has used two accounting software for maintaining its books of account which has a history of recording audit trail (log) facility and has operated throughout the year for all relevant transactions recorded in the software and same has not been tampered with except

- > for one of the software the database is maintained by third party service provider and in absence of independent auditors report, management is unaware whether audit trail feature is enabled in database operated by the third party
- > for one of software audit trail feature was not enabled for FY 2024-25

Additionally, the audit trail of past years had been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in previous years.

As per our report of even date attached
For M S K A & Associates
Firm Registration No. 11004798


Gauthi Jayakumar
Partner
Membership No. 029420

Place: Chennai
Date: September 30, 2024

For and on behalf of the Board of Directors of
KITEX Childrenswear Limited
CIN: L28100 KL 1998 0000000


Satya J. Jeyaraj
Director
CIN: 0008016


Thomas Chelvan
Whole Time Director
CIN: 02164032

Place: Kizhakkambalam
Date: September 30, 2024



Kitex Childrenswear Limited
Provisional Standalone Balance Sheet as at September 30, 2025

(All amount are stated in lakhs unless stated otherwise)

Sl No.	Particulars	Note No.	As at September 30, 2025	As at March 31, 2025
I	ASSETS			
1	Non-current assets			
	(a) Property, Plant and Equipment	2.01A	7,600.56	7,797.87
	(b) Capital work-in-progress	2.01B	37.83	110.13
	(c) Financial Assets			
	(i) Investments	2.02	83,091.40	81,023.99
	(ii) Loans	2.03	982.77	981.15
	(iii) Other financial assets	2.04	105.55	87.44
	(d) Income Tax Assets	2.05	(416.30)	89.30
	(e) Other non-current assets	2.06	279.71	279.71
	Total non current assets		91,681.52	90,369.59
2	Current assets			
	(a) Inventories	2.07	3,252.02	7,855.89
	(b) Financial Assets			
	(i) Trade receivables	2.08	6,711.31	4,938.99
	(ii) Cash and cash equivalents	2.09	5,005.42	1,413.17
	(iii) Bank balances other than (ii) above	2.10	1,529.70	965.22
	(iv) Other financial assets	2.11	3,685.06	974.89
	(c) Other current assets	2.12	1,608.14	1,922.09
	Total current assets		21,791.67	18,070.25
	Total assets		113,473.19	108,439.84
II	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity Share Capital	2.13	949.91	949.91
	(b) Other Equity	2.14	92,066.38	88,530.99
	Total Equity		93,016.29	89,480.90
	Liabilities			
2	Non-current liabilities			
	(a) Financial Liabilities	2.15	-	-
	(a) Provisions	2.16	802.38	755.99
	(b) Deferred tax liabilities (Net)	2.17	8,884.85	8,570.68
	(c) Other Non Current Liabilities	2.18	26.81	26.81
	Total non current liabilities		9,714.04	9,353.48
3	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	2.19	7,049.82	4,170.86
	(ii) Trade payables	2.20	-	-
	- Total outstanding dues of micro enterprises and small enterprises		36.09	186.36
	-Total outstanding dues of creditors other than micro enterprises and small enterprises		1,321.89	4,122.81
	(ii) Other financial liabilities	2.21	27.55	32.37
	(b) Provisions	2.22	1,639.03	392.62
	(c) Current Tax Liabilities	2.23	500.38	505.60
	(d) Other Current Liabilities	2.24	168.30	194.84
	Total current liabilities		10,742.86	9,605.46
	Total liabilities		20,456.90	18,958.94
	Total equity and liabilities		113,473.19	108,439.84



For and on behalf of the Board of Directors
 Kitex Childrenswear Limited
 CIN: U18101KL1991PLC005048

Sabu M Jacob
 Sabu M Jacob
 Director
 DIN: 00046016

Thomas Cherian
 Thomas Cherian
 Whole-Time Director
 DIN: 02160432


Place: Kizhakkambalam
 Date: December 17, 2025

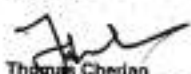
Kitex Childrenswear Limited
Provisional Standalone Statement of Profit and Loss for the period ended September 30, 2025

(All amounts are stated in lakhs unless stated otherwise)

Sl No.	Particulars	Note No.	For the period ended September 30, 2025	For the year ended March 31, 2025
I INCOME				
	(a) Revenue from operations	2.25	18,698.13	42,136.61
	(b) Other income	2.26	1,008.69	1,145.40
	Total Income		19,706.82	43,283.01
II EXPENSES				
	(a) Cost of materials consumed	2.27	6,152.46	15,557.87
	(b) Changes in inventories of finished goods and work-in-progress	2.28	2,001.53	2,662.05
	(c) Employee benefits expense	2.29	6,117.49	13,012.55
	(d) Finance costs	2.30	423.94	397.66
	(e) Depreciation and amortisation expense	2.31	370.64	667.87
	(f) Other expenses	2.32	2,263.60	5,670.90
	Total Expenses		17,329.66	37,968.90
III	Profit before tax (I - II)		2,377.16	5,314.11
IV Tax expense:				
	(a) Current tax	2.17	595.00	1,601.20
	(b) Deferred tax benefit	2.17	18.54	(84.25)
	Total Tax Expenses		613.54	1,516.95
V	Profit for the year (III - IV)		1,763.62	3,797.16
VI Other Comprehensive Income				
Items that will not be reclassified to profit or loss:				
	(i) Remeasurements of post employment benefit obligations			22.41
	(ii) Fair value changes on Equity Instruments carried through other comprehensive income		2,067.41	37,947.00
	(iii) Income tax relating to items that will not be reclassified to profit or loss		(295.64)	(3,272.92)
	Total other comprehensive Income/(Loss) for the year		1,771.77	34,696.49
VII	Total Comprehensive Income/ (Loss) for the year (V+VI) (Comprising of Profit and Other Comprehensive Income/ (Loss) for		3,535.39	38,493.65
VIII Earnings per equity share (Face value of Rs.100 each)				
	Basic & Diluted in Rs.	2.33	185.64	399.70

For and on behalf of the Board of Directors
Kitex Childrenswear Limited
 CIN: U 81010 K 1991 PL C 006048


Sabu M Jacob
 Director
 DIN: 00046016


Thomas Cherian
 Whole-Time Director
 DIN: 02180432

Place: Kizhakkambalam
 Date: December 17, 2025





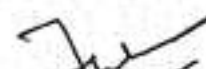
Kitex Childrenswear Limited
Provisional Standalone Statement of Cash Flows for the period ended September 30, 2025

(All amounts are stated in lakhs unless stated otherwise)

Particulars	For the period ended September 30, 2025	For the year ended March 31, 2025
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	2,377.16	5,314.11
Adjustments for:		
Depreciation and Amortisation expense	370.84	687.86
Interest Receivable Written Off - Subsidiary	35.96	89.54
Unrealised foreign exchange (gain)/loss (net)	17.04	102.75
Interest Income	(116.74)	(144.44)
Dividend Income	(158.79)	(158.79)
Deferred Grant Income	-	(5.63)
Provision/sundry balances written off through profit and loss	-	32.92
Vendor balances written back	(0.49)	-
Liability no longer required written Back	-	-
Fair Valuation of financial guarantee	(142.48)	-
Guarantee Income	-	(228.62)
Provision for Leave Encashment	48.04	115.20
Provision for Gratuity	100.34	212.94
Finance Cost	388.08	328.13
Operating profit before working capital changes	2,916.66	6,305.97
Adjustments for:		
Trade and other receivables	(4,143.58)	4,035.08
Inventories	4,603.87	1,865.78
Trade, other payables and provisions	(1,688.51)	(3,533.31)
Cash generated from operations	1,688.44	8,673.62
Direct taxes paid (net of refunds)	(96.31)	(2,091.56)
Net Cash (used) in / generated from operating activities (A)	1,592.13	6,582.06
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of PPE	(105.85)	(185.34)
Purchase of non-current investments	-	(6,191.21)
Investments in bank deposits (having original maturity of more than three months)	(564.48)	(56.20)
(Net)	-	0.01
Decrease in balance in earmarked accounts	(1.61)	(4.15)
Repayment of loan by subsidiaries	37.79	62.67
Interest received	158.79	158.79
Dividend received	-	-
Net cash (used) in investing activities (B)	(475.36)	(6,215.43)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Net increase in working capital borrowings	2,878.95	(716.81)
Interest expense paid	(386.40)	(407.15)
Net cash generated from financing activities (C)	2,492.55	(1,123.96)
Net Increase/(Decrease) in cash and cash equivalents(A+B+C)	3,609.32	(767.43)
Effect of unrealised foreign exchange gain	(17.04)	(102.75)
Cash and cash equivalents at the beginning of the year	1,413.17	2,273.35
Cash and cash equivalents at the end of the year	5,005.44	1,413.17

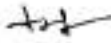
For and on behalf of the Board of Directors of
Kitex Childrenswear Limited
 CIN U1810 KL1991PLC6048


Sabu M Jacob
 Director
 DIN: 00046016


Thomas Cherian
 Whole-Time Director
 DIN: 02160432

Place: Kizhakkambalam
 Date: December 17, 2025





KiteX Childrenswear Limited

Notes forming part of the Provisional Standalone Financial Statements for the period ended September 30, 2025

(All amounts are stated in lakhs unless stated otherwise)

2.02 Investments (Non-current)

Particulars	As at September 30, 2025	As at March 31, 2025
Investments in equity instruments (Measured at fair value through OCI)		
Quoted (Trade)		
3,17,57,485 (31-03-2025 : 3,17,57,485) equity shares of Rs. 10/- each in KiteX Garments Limited, fully paid-up	59,375.31	57,207.90
Investments carried at cost		
Unquoted (Trade)		
In Subsidiary Companies:		
1,00,000 (31-03-2025 : 1,00,000) equity shares of Rs. 10/- each in KiteX Building Systems Limited/KiteX Apparel Limited, fully paid-up	10.00	10.00
2,11,52,000 (31-03-2025 : 2,11,52,000) equity shares of Rs. 10/- each in KiteX Heralds Limited, fully paid-up	2,116.58	2,116.58
26,84,336 (31-03-2025 : 26,84,336) equity shares of Rs. 10/- each in KiteX Heralds Limited, fully paid-up	266.46	266.46
100 (31-03-2025 : 100) equal equity shares of AED 500/- each in KiteX Building Systems LLC (2 years Note 2.02.1)	465.81	465.81
In Associate Company:		
42,86,214.00 (31-03-2025 : 42,86,214.00) fully paid-up membership units of USD 1/- each in KiteX USA LLC (Note Note 2.02.1)	2,783.22	2,783.22
180,337,688 (31-03-2025 : 180,337,688) equity shares of Rs. 10/- each in KiteX Apparel Parks Limited, fully paid-up	18,033.73	18,033.73
Fair value of financial guarantee given to associate (Note Note 2.02.2)	131.41	131.41
	82,097.45	81,023.96
Aggregate amount of quoted investments	59,375.31	57,207.90
Aggregate amount of unquoted investments and market value thereof. (The market value of quoted investments is equal to the carrying value)	22,722.14	23,816.06

2.02.1 The Company holds an investment in an Associate, KiteX USA LLC, which amounts to Rs 2,783.22 lakhs as on September 30, 2025 (March 31, 2025: Rs. 2,783.22 lakhs). Further, the Associate has been reporting continuous losses and has not fully ended its net worth as on that date. However, the management of the Company has assessed and evaluated the fair valuation of the investments by considering various factors like change in business plan, due to business slow down with major customers, who are major in market, and with whom the Associate have already started shipping last orders to its targeted customers for their distribution to selected stores. Further, the management of the Company believes the slow expansion of above customer in United States, Mexico and Europe will add value to the business of the Associate, which would result in increased projected revenue and higher contribution margin Hence, based on their assessment and the above business plan, the management of the Company considers that the fair value of the investment in Associate would be higher than the carrying value. Therefore, no material adjustments would be required to be made to the carrying value of the investments in the Associate in the Standalone financial statements of the Company for the six month period ended September 30, 2025.

2.02.2 With effect from Financial year 2024-25, Company have entered into an agreement with KiteX Apparel Parks Limited receive commission for corporate guarantee provided against borrowings availed from banks. Accordingly, the fair value adjustment previously recognized in investment during FY 2023-24 in line with IAS 106, in respect of guarantee given at concessional terms from above mentioned subsidiary Company, has been reassessed. The unutilized portion of the adjustment has been reversed, as the guarantee are now considered to be on arm's length terms.

2.02.3 The Board Passed a resolution on 25 May 2023 to establish a subsidiary, KiteX Building Systems LLC PZ, in Meydan Free Zone, Dubai. The subsidiary have an authorized capital of AED 50,000/- divided into 100 shares of AED 500 each.

2.03 Loans (Non-Current)

Particulars	As at September 30, 2025	As at March 31, 2025
Unsecured, considered good		
Loan given to wholly owned subsidiaries (Note Note 2.03.1)	582.77	582.15
	582.77	582.15

2.03.1 Company entered agreement on loan given to subsidiaries on March 30, 2024 thereby extending the due date of payment by further 8 years. Further Company have converted interest free charged till March 31, 2024 to loan. Loans carry interest rate of 8.15%.

2.03.2 Details of loans given covered by 100% of the Companies AOT, 2013

Name of the Company	Rate of Interest	Due Date	Secured/unsecured	Purpose of Loan	As at September 30, 2025	As at March 31, 2025
KITEX BUILDING SYSTEMS LIMITED/ERNAKULAM KITEX APPARELS LIMITED	8.15%	March 31, 2030	Unsecured	To facilitate the commencement of manufacturing activities, address urgent business needs, and fulfil contractual and other obligations of the borrower.	79.45	27.25
KITEX HERALDS LIMITED	8.15%	March 31, 2030	Unsecured	To facilitate the commencement of manufacturing activities, address urgent business needs, and fulfil contractual and other obligations of the borrower.	757.32	754.90
KITEX APPARELSWEAR LIMITED	8.15%	March 31, 2030	Unsecured	To facilitate the commencement of manufacturing activities, address urgent business needs, and fulfil contractual and other obligations of the borrower.	216.96	216.97
			Total		582.77	582.15

2.04 Other Financial Assets (Non-current)

Particulars	As at September 30, 2025	As at March 31, 2025
Unsecured, considered good		
Security deposit (Note Note 2.04.1)	188.56	87.44
Share application money to KiteX Apparel Parks Limited		
	188.56	87.44

2.04.1 Deposit account/related deposits held as security for 100.55 Lakhs (Rs.87.44 Lakhs as on March 31, 2025) which are not expected to be refunded in the next 12 months for the purpose of security deposit.

2.05 Non Current Tax Assets

Particulars	As at September 30, 2025	As at March 31, 2025
Income Tax Assets (net)	416.30	85.37
	416.30	85.37



2.06 Other non-current assets			
Particulars		As at September 30, 2023	As at March 31, 2023
Unsecured, considered good			
Capital advances		6.11	0.11
Amount deposited under protest		279.69	279.69
		279.71	279.71

2.07 Inventories			
Particulars		As at September 30, 2023	As at March 31, 2023
Raw materials		205.99	244.03
Raw materials - In Transit		-	462.64
Work-in-progress		2,507.66	4,824.87
Finished goods		410.67	58.41
Stores, Spares and consumables		29.29	28.29
		3,252.62	7,618.24

2.07.1 Method of Valuation of Inventories - See Note 1.5 of Material Accounting Policies.

2.08 Trade Receivables			
Particulars		As at September 30, 2023	As at March 31, 2023
Unsecured, considered good		6,714.39	4,936.95
Less: Allowance for credit impairment		-	-
		6,714.39	4,936.95

2.08.1 (i) Trade receivables includes amounts due from related parties (Rs. Nil lakhs) (31-03-2023: 6.15 Lakhs)
(ii) Trade receivables are non-interest bearing and are generally on credit terms not exceeding 90 days.
(iii) There are no outstanding receivables due from directors or other officers of the Group. No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person.

2.09 Cash and Cash Equivalents			
Particulars		As at September 30, 2023	As at March 31, 2023
Cash on hand		37.96	22.29
Balance with banks:			
in EFTC accounts		2,914.77	1,955.86
in current accounts		1,028.93	224.21
		3,981.66	2,202.36

2.10 Bank balances other than Cash and Cash Equivalents			
Particulars		As at September 30, 2023	As at March 31, 2023
Balances with Banks:			
In Deposit Accounts (See Note 2.10.1)		1,517.62	950.14
Other Bank balances - in Current accounts		12.58	12.28
		1,530.20	962.42

2.10.1 Balances with banks in deposit accounts include Rs. 1517.62 Lakhs (31-03-2023: Rs. 963.14 Lakhs) held as security against Bank Guarantees, with a maturity period of more than 3 months but less than 12 months.

2.11 Other Financial Assets			
Particulars		As at September 30, 2023	As at March 31, 2023
Unsecured, considered good			
Security deposit (includes Rs. 1,500,000/- (Rs. 1,500,000/-) paid to subsidiary company)		68.48	68.67
Subsidiary receivable (See note 2.11A below)		572.28	572.28
Government Receivable		-	-
Interest receivable on loans to wholly owned subsidiaries		76.01	71.73
Interest accrued but not due on fixed deposits		75.13	38.21
Other receivables (State Socks - 2.02.2)		2,893.29	225.65
		3,685.19	976.54

2.11.1 Subsidiary receivable under the Textile Upgradation Fund Scheme (TUF) includes Rs. 572.28 lakhs (31-03-2023: Rs. 572.28 lakhs) relating to earlier years, recognised in each prior periods to the extent, considered receivable by the management. Steps are being taken to recover the subsidy claims, which in the opinion of the management, are considered receivable in full.

2.12 Other current assets			
Particulars		As at September 30, 2023	As at March 31, 2023
Unsecured, Considered Good			
Export incentives receivable		680.24	542.61
Prepaid expense		24.25	28.43
Advances to staff		35.11	27.23
Advances recoverable in cash or in kind		293.24	605.43
Balances with Government Authorities		586.42	328.24
Other Current assets		35.34	78.54
		1,606.74	1,872.88

2.12.1 In the opinion of the Board, loans and advances and other current assets have the value at which they are stated in the balance sheet, and will be realized in the ordinary course of business.

2.13 Equity Share Capital			
Particulars		As at September 30, 2023	As at March 31, 2023
Authorized			
1,000,000 (March 31, 2022: 1,000,000) equity shares of Rs.100/- each		1,000	1,000
Issued, subscribed and fully paid-up			
349,500 (349,500) equity shares of Rs.100/- each		349.51	349.51

2.13.1 Terms/rights attached to Equity Shareholders
The Company has only one class of shares referred to as equity shares with a face value of Rs. 100/- each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.



2.14 Other Equity

Particulars	As at September 30, 2025	As at March 31, 2025
General Reserve		
Opening Balance	8,050.05	8,050.05
Add: Amount transferred from surplus in the statement of profit and loss		
Closing Balance	8,050.05	8,050.05
Retained Earnings		
Opening balance	31,844.07	28,031.04
Add: Profit for the year	1,793.62	3,737.16
Add/Less: Remeasurement benefit of defined benefit plans in Other Comprehensive Income (net of tax)	-	16.77
Closing balance	33,638.69	31,844.97
Equity Instruments through Other Comprehensive Income		
Opening Balance	48,835.57	13,566.25
Add: Gain/ (loss) on fair value changes on equity instruments carried through other comprehensive income (net of tax)	1,771.77	34,679.72
Closing balance	50,607.34	48,245.97
Total Reserves and Surplus	92,508.33	88,232.99

2.14.1 Description of nature and purpose of each reserve

- (i) **General reserve**: General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes.
- (ii) **Equity Instruments through other comprehensive income**: This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed of.

2.15 Other financial liabilities

Particulars	As at September 30, 2025	As at March 31, 2025
Financial guarantees provided to Kites Apparel Parks Limited (Fairer rate 2.00.2)		0.00

2.16 Provisions

Particulars	As at September 30, 2025	As at March 31, 2025
Provision for employee benefits		
(i) Provision for compensated absences	151.30	142.54
(ii) Provision for gratuity	651.08	613.45
	802.38	755.99

2.17 Deferred Tax Liabilities (Net)

Particulars	As at September 30, 2025	As at March 31, 2025
Deferred tax liability		
On excess of net book value over income tax written down value of property, plant and equipment	794.74	766.51
On excess of fair value over cost of quoted equity investments	8,410.89	8,115.24
	9,205.62	8,881.75
Deferred tax asset		
On provisions/other disclosures	306.87	289.10
On provisions for Expected credit loss	9.03	17.50
On Unamortised deferred grant	4.87	4.87
Gross deferred tax asset (B)	320.77	311.47
Net deferred tax liability (A-B)	8,884.85	8,570.28

Movement in Deferred Tax Liabilities/assets balances during the period ended September, 2025

Particulars	Opening Balance April 01, 2025	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance September 30, 2025
A. Deferred Tax Liability				
On excess of net book value over income tax written down value of fixed assets	306.82	27.03	-	794.76
On excess of fair value over cost of quoted equity investments	8,115.25	-	295.64	8,410.89
On forward futures contract	-	-	-	-
B. Deferred Tax Assets				
On Provisions	289.11	17.76	-	306.87
On Unamortised deferred grant	4.87	-	-	4.87
On Expected credit loss	17.50	8.48	-	9.03
Deferred Tax Liabilities (Net) (A-B)	8,879.69	78.58	295.64	8,884.88

Movement in Deferred Tax Liabilities/assets balances during the year ended March 31, 2025

Particulars	Opening Balance April 01, 2024	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance March 31, 2025
A. Deferred Tax Liability				
On excess of net book value over income tax written down value of fixed assets	289.56	(32.63)	-	766.92
On excess of fair value over cost of quoted equity investments	4,847.97	-	3,267.28	8,115.25
On forward futures contract	-	-	-	-
B. Deferred Tax Assets				
On Provisions	289.22	28.89	-	306.11
On Unamortised deferred grant	6.29	(1.42)	-	4.87
On Expected credit loss	-	17.50	-	9.03
Deferred Tax Liabilities (Net) (A-B)	8,382.81	(81.10)	3,267.28	8,570.69

2.18 Other Non-Current Liabilities

Particulars	As at September 30, 2025	As at March 31, 2025
Deferred Grant on capital subsidy	25.61	26.61
	25.61	26.61



2.19	Borrowings		
	Particulars	As at September 30, 2025	As at March 31, 2025
	Loans repayable on demand - secured		
	Working capital loan from Banks	7,049.82	4,170.88
		7,049.82	4,170.88
2.20	Trade Payables		
	Particulars	As at September 30, 2025	As at March 31, 2025
	Total outstanding dues of micro enterprises and small enterprises;	36.09	186.38
	Total outstanding dues of creditors other than micro enterprises and	1,321.60	4,122.85
		1,357.69	4,309.23
2.21	Other Financial Liabilities		
	Particulars	As at September 30, 2025	As at March 31, 2025
	Payable towards capital goods	21.55	32.37
	Financial guarantee provided to Kilara Apparel Parks Limited (Refer note 2.82.2)	-	-
	MTM on Forward contract payable	-	-
		21.55	32.37
2.22	Short-Term Provisions		
	Particulars	As at September 30, 2025	As at March 31, 2025
	Provision for employee benefits		
	(i) Provision for compensated absences	115.53	169.06
	(ii) Provision for gratuity	244.28	221.36
	(iii) Other provisions	1,823.22	-
		1,883.03	390.42
2.23	Current Tax Liabilities (Net)		
	Particulars	As at September 30, 2025	As at March 31, 2025
	Provision for income tax (Net of advance tax of Rs. 18,00,000 (March 31, 2025: Rs. 18,00,000))	501.39	505.68
		501.39	505.68
2.24	Other Current Liabilities		
	Particulars	As at September 30, 2025	As at March 31, 2025
	Advance from customers	9.05	15.17
	Deferred Grant on capital subsidy	5.63	5.63
	Other Current Liabilities	-	-
	Statutory dues	133.62	174.09
		148.30	194.89
2.25	Revenue from operations		
	Particulars	For the period ended September 30, 2025	For the year ended March 31, 2025
	Sale of Products		
	Sale of products (Net)		
	(i) Sales - Export	15,420.85	34,229.02
	(ii) Sales - Domestic	211.20	8.49
	Sale of service		
	(i) Job work Charges - Domestic	1,840.27	5,308.99
	Other operating revenues		
	(i) Export Incentives	950.10	2,280.81
	(ii) Sale of scrap	40.32	161.36
	(iii) Others	226.29	75.17
	Revenue from operations	18,448.73	45,198.81
2.26	Other Income		
	Particulars	For the period ended September 30, 2025	For the year ended March 31, 2025
	Interest Income		
	(i) Bank Deposits	16.90	64.74
	(ii) Others	48.02	85.51
	Dividend Income	158.79	158.79
	Net gain on foreign currency transactions and translations	583.08	585.90
	Rent received	3.64	7.21
	Deferred Grant Income	-	5.63
	Other non-operating income	142.96	228.62
	Total	1,069.69	1,146.48
2.26.1	The Company is in receipt of the Government Grants/Assistance as defined under Ind AS 20 - 'Accounting for Government Grants and Disclosure of Government Assistance' as under:		
	1. Grants in the nature of Merchandise Export Incentive Scheme, Refund of State Levies, Duty Drawback and Service Tax Refund are disclosed under the head 'Export Incentive' in Other Operating Revenue.		
	2. Grants in the nature of re-imbursement of cost towards capital asset under the Technology Upgradation Fund Scheme (TUFS) and Integrated Skill Development Scheme (ISDS) Project which is disclosed as Deferred Grant. The amount is disclosed under the head 'Other Income' in the proportions in which depreciation expense on those assets is recognised.		
	3. Grants in the nature of re-imbursement of interest cost on borrowings under the TUFS is disclosed under the head 'Other Income'.		
	4. Grants in the nature of re-imbursement of expenditure under the ISDS Project is deducted from the heads of related expenses.		
2.27	Cost of raw materials consumed		
	Particulars	For the period ended September 30, 2025	For the year ended March 31, 2025
	Inventory at the beginning of the year	2,938.32	2,124.47
	Add: Purchases during the year	2,550.12	16,541.70
	Less: Inventory at the end of the year	305.88	2,938.32
	Cost of raw materials consumed	4,182.56	15,727.85



2.28 Changes in inventories of finished goods and work-in-progress

Particulars	For the period ended September 30, 2025	For the year ended March 31, 2025
Inventories at the beginning of the year		
Finished Goods	69.41	217.36
Work-In-Progress	4,929.87	7,303.97
	4,919.28	7,581.33
Inventories at the end of the year		
Finished goods	(412.07)	(69.41)
Work-In-Progress	(2,027.60)	(1,829.87)
	(2,417.75)	(1,919.28)
Increase/Decrease in inventories of finished goods and work-in-progress	2,661.53	2,662.05

2.29 Employee benefits expense

Particulars	For the period ended September 30, 2025	For the year ended March 31, 2025
Salaries and wages	4,629.53	9,817.04
Contribution to provident fund and other funds	446.95	949.75
Gratuity expense	100.54	212.94
Staff welfare expenses	541.67	2,032.02
	6,117.48	13,012.56

2.30 Finance costs

Particulars	For the period ended September 30, 2025	For the year ended March 31, 2025
Interest expense on :		
(i) Working Capital Loans	200.34	288.29
(ii) Delayed payment of TDS	-	-
(iii) Income tax	45.77	44.03
Other borrowing costs	174.83	95.28
	421.94	397.60

2.31 Depreciation expense

Particulars	For the period ended September 30, 2025	For the year ended March 31, 2025
Depreciation of Property, Plant and Equipment (See Note 2.01A)	373.64	607.87
Amortisation of Intangible assets (See Note 2.01C)	-	-
	373.64	607.87

2.32 Other expenses

Particulars	For the period ended September 30, 2025	For the year ended March 31, 2025
Power and fuel	451.02	941.77
Processing charges	517.81	1,260.22
Consumption of store and spare parts	86.03	167.49
Repairs		
- Building	12.37	81.42
- Plant and Machinery	52.70	141.71
- Others	121.20	223.74
Insurance	12.59	46.04
Testing charges	0.62	3.16
Sitting fee to directors	1.58	4.95
Traveling and conveyance	83.32	167.88
Postage, courier and telephone	9.73	32.58
Rent	177.37	299.06
Payment to Auditor	6.72	15.06
Legal and professional charges	21.43	77.99
Rates & taxes	28.41	81.38
Printing and stationery	17.23	45.22
Freight and forwarding charges	52.36	137.94
Advertisement and sales promotion	493.59	1,125.99
Bank charges	3.98	56.94
Expenses on corporate social responsibility activities	8.10	245.34
Sundry balances written off	-	30.90
Donation (See Note 2.32.1)	117.20	410.06
Loss on forex forward contract	-	-
Miscellaneous expenses	11.59	110.77
	2,283.90	5,876.96

For and on behalf of the Board of Directors of
KiteX Childrenswear Limited
CIN:U18010L1989PLC008948


Saba M. Jacob
Director
DIN: 00048019


Thomas Cherian
Whole-Time Director
DIN: 02160432

Place: Kizhakkambalam
Date: December 17, 2025



Kitex Childrenswear Limited
Notes forming part of the Provisional Standalone Financial Statements for the period ended September 30, 2025
 (All amounts are stated in lakhs unless stated otherwise)
2.01A Property, Plant and Equipment - Standalone

Particulars	Gross Block (at cost)				Depreciation			Net Block
	Balance as at April 1, 2025	Additions	Disposals / deletion	Balance as at September 30, 2025	Balance as at April 1, 2025	for the year	on disposals	Balance as at September 30, 2025
Freehold Land	487.75	-	-	487.75	-	-	-	487.75
Buildings	4,968.53	83.43	-	5,051.96	775.62	79.06	854.68	4,197.28
Plant and Machinery	5,346.15	0.23	-	5,346.38	2,637.79	241.29	2,879.08	2,467.30
Furniture and Fixtures	192.52	-	-	192.52	117.09	9.84	126.93	65.59
Vehicles	317.06	87.75	-	404.81	168.57	18.95	187.52	217.29
Electrical Equipment	364.10	-	-	364.10	196.24	17.09	213.33	150.77
Computers	121.38	-	-	121.38	108.18	3.30	111.48	9.90
Office Equipments	14.15	1.93	-	16.08	10.29	1.11	11.40	4.68
Total	11,811.64	173.34	-	11,984.98	4,013.78	370.64	4,384.42	7,600.56

Particulars	Gross Block (at cost)				Depreciation			Net Block
	Deemed Cost as at April 1, 2024	Additions	Disposals / deletion	Balance as at March 31, 2025	Balance as at April 1, 2024	for the year	on disposals	Balance as at March 31, 2025
Freehold Land	487.75	-	-	487.75	-	-	-	487.75
Buildings	4,968.53	-	-	4,968.53	617.05	157.67	775.62	4,192.91
Plant and Machinery	5,287.67	58.48	-	5,346.15	2,213.30	424.49	2,637.79	2,708.36
Furniture and Fixtures	192.52	-	-	192.52	97.80	19.29	117.09	75.43
Vehicles	317.06	-	-	317.06	139.35	29.21	168.56	148.50
Electrical Equipment	363.08	11.02	-	374.10	166.04	30.20	196.24	167.86
Computers	110.43	10.95	-	121.38	102.64	5.54	108.18	13.20
Office Equipments	12.75	1.40	-	14.15	8.82	1.47	10.29	3.86
Total	11,729.79	81.85	-	11,811.64	3,345.90	667.87	4,013.77	7,797.87



2.01B Capital work-in-progress

2.01 B - Capital Work-In-Progress

Particulars	GROSS BLOCK (at cost)			
	As at April 1, 2025	Additions/ Adjustments	Deductions/ Adjustments	As at September 30, 2025
Building under Construction	72.30	-	72.30	-
Plant and Equipment under installation/ Construction	37.83	-	-	37.83
Total	110.13	-	72.30	37.83

Particulars	GROSS BLOCK (at cost)			
	As at April 1, 2024	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2025
Building under Construction	-	72.30	-	72.30
Plant and Equipment under installation/ Construction	-	37.83	-	37.83
Total	-	110.13	-	110.13

2.01C Other Intangible assets

Particulars	Gross Block (at cost)				Amortisation			Net Block As at September 30, 2025
	As at April 1, 2025	Additions during the year	Disposal/Adjustments	As at September 30, 2025	As at April 1, 2025	Additions during the year	Disposal/Adjustments	
Computer software	4.81	-	-	4.81	4.81	-	-	4.81
Total	4.81	-	-	4.81	4.81	-	-	4.81

Particulars	Gross Block (at cost)				Accumulated amortisation			Net Block As at March 31, 2025
	As at April 1, 2024	Additions during the year	Disposal/Adjustments	As at March 31, 2025	As at April 1, 2024	Additions during the year	Disposal/Adjustments	
Computer software	4.81	-	-	4.81	4.81	-	-	4.81
Total	4.81	-	-	4.81	4.81	-	-	4.81



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INDEPENDENT AUDITOR'S REPORT

To the Members of Kitex Garments Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Kitex Garments Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2025, and the Statement of Profit and Loss, including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

The Company has an investment in Kitex USA LLC, an Associate Company amounting to Rs 2,776.24 lakhs (March 31, 2024: Rs 2,776.24 lakhs), which is incurring losses and this has fully eroded its net worth as on that date. The Company also has trade receivables amounting to to Rs.12,277.57 lakhs as at March 31, 2025 (March 31, 2024: Rs.10,225.12 lakhs) due from the aforesaid Associate. The management of the Company has determined the carrying value of investment and outstanding trade receivables from the said Associate as good and recoverable based on valuations performed and future projected cash flows, considering proposed changes in the business plan, forecasted future revenue growth and increased margin contributions. For the year ended March 31, 2025, the management of the Company has not been able to provide corroborative evidence to substantiate the reasonableness of the above-mentioned unobservable inputs. Accordingly, we are unable to comment on the recoverability of the carrying value of the investment in Kitex USA, LLC and Trade Receivables due from Kitex USA, LLC as at March 31, 2025. (Refer Note 2.02.1 to the standalone financial Statements).

This matter was also qualified in our report on the standalone financial statements for the year ended March 31, 2024.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2025 (current year). These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.



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Valuation of Inventory

Refer to Note 2.07 to Standalone financial statements.

The total value of inventory as of March 31, 2025, amounted to Rs. 18,949.15 lakhs representing 13.59% of the total assets (March 31, 2024: 16,409.16 Lakhs, 14.32% of the total assets). Inventories are measured the lower of cost and net realisable value.

The Company is an apparel manufacturer and exporter of knitted garments for infants and kids.

The valuation of raw material, semi-finished and finished goods is a comprehensive exercise and is carried out manually. Allocation of indirect production costs is also estimated and loaded as inventory cost, as part of the valuation exercise. This allocation requires judgment and estimation, which are uncertain at the time of such estimation.

Management also applies judgement in identification & determination of obsolete inventories and slow-moving items of stocks and estimates the appropriateness of requisite provisions thereon. On account of the subjective judgment and uncertainties involved above, we considered this as a Key Audit Matter.

We have performed the following audit procedures in relation to inventory valuation:

- Assessed the accounting policies relating to valuation of Inventory in compliance with Ind AS 2 ("Inventories").
- Assessed the management process of inventory valuation including allocation of overheads to inventory.
- Evaluated the design and implementation and tested the operative effectiveness of relevant internal controls pertaining to valuation of inventory, including the process for write-down of obsolete inventory and the manual inventorisation of indirect production costs.
- Assessed the adequacy and appropriateness of write-downs for excess and/or obsolete inventory in relation to the future demand data, historical usage, historical accuracy of write-downs and management's plans to utilise the inventory.
- Evaluated the significant judgements and estimates made by Management in applying Company's accounting policy in relation to the manual inventorisation of indirect production costs.
- Assessed the adequacy and accuracy of disclosures in the standalone financial statements with respect to inventory in accordance with respective accounting standards and framework.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report along with annexures but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard



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Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and except, for the possible effect of the matter described in the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g)
 - c. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d. Except, for the matter described in the Basis of Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.



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- f. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in Basis for Qualified opinion, paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(h)(vi) below on reporting under Rule 11(g).
- g. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 2.41.1 of standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 2.46 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 2.46 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
 - v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.
- The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. Based on examination which included test checks, the Company has used two accounting softwares for maintaining its books of accounts and payroll records during the year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility. The audit trail feature was enabled and has been operated throughout the year for all relevant transactions recorded except that
- In absence of the Independent Service Auditors report (SOC 2 report), we are unable to comment on the audit trail feature at database level for the accounting software which is maintained by the third party software service provider.



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- Audit trail feature was not enabled in one of the accounting software throughout the year as explained in Note 2.47 to the financial statements

Further, during the course of our audit, except for the above, we did not come across any instance of audit trail feature being tampered.

Additionally, the audit trail of prior years has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in prior year.

3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W



Geetha Jeyakumar
Partner
Membership No. 029409
UDIN: 25029409BMMIRA2307

Place: Chennai
Date: June 23, 2025



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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEK GARMENTS LIMITED FOR THE YEAR ENDED MARCH 31, 2025

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management and Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended March 31, 2025 (current year) and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar

Geetha Jeyakumar
Partner
Membership No. 029409
UDIN: 25029409BMMIRA2307

Place: Chennai
Date: June 23, 2025



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ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEX GARMENTS LIMITED FOR THE YEAR ENDED MARCH 31, 2025

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i. (a)A. The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) Property, Plant and Equipment were physically verified by the management according to a phased programme designed to cover all items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, some of the assets have been physically verified by Management during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements are held in the name of the Company. The title deeds of immovable properties aggregating to Rs 261.17 Lakhs as at March 31, 2025, are pledged with the banks and original copies are not available with the Company. The same has been independently confirmed by the bank to us and verified by us.
- (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment and intangible assets during the year. Accordingly, the provisions stated under clause (i)(d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated under clause (i)(e) of the Order are not applicable to the Company.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency, coverage and procedure of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During any point of time of the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores rupees, in aggregate from Banks and financial institutions on the basis of security of current assets. Refer note 2.19 to the standalone financial statements.

Based on the records examined by us in the normal course of audit of the standalone financial statements, quarterly statements filed with such Banks are not in agreement with the books of accounts of the Company. Details of the same are as below.

Quarter	Particulars of Securities Provided	Amount as per books of account ((Rs in Lakhs)	Amount as reported in the quarterly statement ((Rs in Lakhs)	Amount of difference (Rs in Lakhs)
Mar-25	Inventory	18,949.15	21,006.75	-2,057.60
Dec-24	Inventory	23,344.34	23,344.00	0.34
Sep-24	Inventory	22,748.74	22,749.00	-0.26
Jun-24	Inventory	17,834.50	17,462.00	372.50
Mar-25	Trade Receivables	33,953.52	34,855.00	-901.48
Dec-24	Trade Receivables	34,811.30	35,439.55	-628.25
Sep-24	Trade Receivables	29,785.00	30,265.85	-480.85
Jun-24	Trade Receivables	29,959.96	20,510.11	9,449.85



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- iii. a) According to the information and explanations provided to us, has not provided loans, guarantee or security or provided advances in nature of loans to firms or other entities. The Company has provided loans and guarantees to subsidiaries and associate company.

(A) The details of such loans, advances, guarantee to subsidiaries and Associate company are as follows:

(Rs in Lakhs)	
Guarantees	
Aggregate amount granted/provided during the year	
- Subsidiaries	21,713.36
Balance Outstanding as at balance sheet date in respect of above cases	64,399.36
- Subsidiaries	

Loans	
Aggregate amount granted/provided during the year	
- Subsidiaries	85.12
Balance Outstanding as at balance sheet date in respect of above cases	10,634.77
- Subsidiaries	

- b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided and terms and conditions in relation to grant of all loans and advances in the nature of loans, investments made and guarantees provided are not prejudicial to the interest of the Company.
- c) In case of the loans and advances in the nature of loan, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the repayment of the principal and payment of interest.
- d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no amounts overdue for more than ninety days in respect of the loans or advances in the nature of loans, granted to Company.
- e) According to the information explanation provided to us, the loans or advances in the nature of loan granted has not fallen due during the year. Accordingly, the provisions stated under clause 3(iii)(e) of the Order are not applicable to the Company.
- f) According to the information explanation provided to us, the Company has not any granted loans or advances in the nature of loans, including to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013 either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, the provisions stated under clause (iii)(f) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- v. According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor any amounts which are deemed to be deposits, within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under. Accordingly, the provisions stated under clause (v) of the Order is not applicable to the Company. Also, there are no amounts outstanding as on March 31, 2025, which are in the nature of deposits.



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- vi. The provisions of sub-Section (1) of Section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated under clause (vi) of the Order are not applicable to the Company.
- vii. (a) According to the information and explanations given to us and the records examined by us, in our opinion, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess, and other statutory dues have generally been regularly deposited with the appropriate authorities during the year, though there has been a slight delay in a few cases.

Undisputed amounts payable in respect these statutory dues in arrears, which were outstanding, as at March 31, 2025, for a period of more than six months from the date they became payable, are as follows:

Name of the statute	Nature of the dues	Amount (Rs in Lakhs)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Advance Income Tax	1231.40	April 1, 2024 to September 30, 2024	June 15 2024 and September 15, 2024	Not paid

- (b) According to the information and explanations given to us and the records examined by us, details of statutory dues referred to in sub clause (a) above which have not been deposited as on March 31, 2025, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded	Amount Paid	Period to which amount relates	Forum where dispute is pending	Name of the statute
Income Tax Act, 1961	Income Tax Dues	1,922.06	108.58	AY 2014-15 to AY 2020-21	Commissioner of Income tax (Appeals)	Income Tax Act, 1961

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment of the Company. Accordingly, the provision stated under clause (viii) of the Order is not applicable to the Company.
- ix. (a) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations provided to us, no money was raised by way of term loans. Accordingly, the provision stated under clause (ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries and associates.



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- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies. Accordingly, reporting under Clause (x)(f) of the order is not applicable to the Company.
- x. (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated under clause (x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Accordingly, the provisions stated under clause (x)(b) of the Order are not applicable to the Company.
- xi. (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company has been noticed or reported during the year in the course of our audit.
- (b) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the provisions stated under clause (xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company. Accordingly, the provisions stated under clause (xii)(a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till the date of our audit report, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the reporting on compliance with the provisions of Section 192 of the Act, in clause (xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 (2 of 1934) and accordingly, the provisions stated under clause (xvi)(a) of the Order are not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities during the year and accordingly, the provisions stated under clause (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the provisions stated under clause (xvi)(c) of the Order are not applicable to the Company.



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- (d) According to the information and explanations provided to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one Core Investment Company as a part of its group. Accordingly, the provisions stated under clause (xvi)(d) of the Order are not applicable to the Company.
- xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the provisions stated under clause (xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the provisions stated under clause (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in note 2.42 to the standalone financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act, are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund specified in schedule VII of the Act, or to a Special Account as per the provisions of Section 135 of the Act, read with schedule VII to the Act, Accordingly, reporting under clause (xx)(a) and (xx)(b) of the Order is not applicable to the Company.
- xxi. The reporting under clause (xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W



Geetha Jeyakumar
Partner
Membership No. 029409
UDIN: 25029409BMWIRA2307



Place: Chennai
Date: June 23, 2025

MSKA & Associates

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ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KITEK GARMENTS LIMITED FOR THE YEAR ENDED MARCH 31, 2025

[Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Kitek Garments Limited on the Financial Statements for the year ended March 31, 2025]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Kitek Garments Limited ("the Company") as of March 31, 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Qualified Opinion

In our opinion, except for the possible effects of the material weakness described in Basis for Qualified Opinion section below on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to standalone financial statements as at March 31, 2025, and such internal financial controls with reference to standalone financial statements were operating effectively as of March 31, 2025, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2025, and these material weakness have effected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements of the Company

Basis for qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls with reference to Standalone financial statements as at March 31, 2025:

The Company's internal control system over the evaluation of impairment in investment in an Associate Company and trade receivables balances (Refer to the "Basis for Qualified Opinion" section of the main audit report) was not operating effectively. This could potentially result in material misstatement of the carrying value of investment in Associate and the trade receivables due from the said Associate, and the nonidentification of further provision if any.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to standalone financial statements, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Managements' and Board of Director's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.



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Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

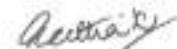
Meaning of Internal Financial Controls With reference to Standalone Financial Statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls With reference to Standalone Financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W



Geetha Jeyakumar
Partner
Membership No. 029409
UDIN: 25029409BMMIRA2307

Place: Chennai
Date: June 23, 2025



Kitex Garments Limited
Standalone Balance Sheet as at March 31, 2025
 (All amounts are stated in lakhs unless stated otherwise)

Sl No.	Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
I	ASSETS			
1	Non-current assets			
	(a) Property, plant and equipment	2.01A	10,153.21	11,431.28
	(b) Capital work-in-progress	2.01B	3,440.81	2,845.96
	(c) Other intangible assets	2.01C	1.86	6.01
	(d) Financial assets			
	(i) Investments	2.02	46,454.90	33,270.57
	(ii) Loans	2.03	10,634.77	13,549.94
	(iii) Other financial assets	2.04	226.96	249.97
	(e) Non-current tax assets	2.05	248.91	275.93
	(f) Deferred Tax Asset (Net)	2.11	437.14	-
	(g) Other non-current assets	2.06	544.95	536.60
	Total Non-Current Assets		71,146.30	88,854.96
2	Current assets			
	(a) Inventories	2.07	18,949.16	15,429.16
	(b) Financial assets			
	(i) Trade receivables	2.08	33,953.57	25,681.29
	(ii) Cash and cash equivalents	2.09	3,607.60	4,445.92
	(iii) Bank balances other than (i) above	2.10	2,875.36	1,942.16
	(iv) Other financial assets	2.11	4,589.89	3,579.55
	(v) Other current assets	2.12	4,574.40	3,353.37
	Total Current Assets		88,249.91	55,611.38
	TOTAL ASSETS		159,396.21	144,466.34
II	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity share capital	2.13	1,995.00	695.00
	(b) Other equity	2.14	135,507.52	85,635.45
	Total Equity		137,502.52	86,330.45
2	Non-current liabilities			
	(a) Financial liabilities			
	(i) Other financial liabilities	2.15	-	918.50
	(ii) Provisions	2.16	1,168.96	987.67
	(iii) Deferred tax liabilities (net)	2.17	-	393.84
	(iv) Other non-current liabilities	2.18	77.99	77.69
	Total Non-Current Liabilities		1,246.95	2,348.81
3	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	2.19	18,290.80	7,662.19
	(ii) Trade payables	2.20	-	303.53
	- Total outstanding dues of micro enterprises and small enterprises		377.89	303.53
	- Total outstanding dues of creditors other than micro enterprises and small enterprises		6,995.40	4,935.09
	(iii) Other financial liabilities	2.21	278.53	647.44
	(b) Provisions	2.22	454.31	409.71
	(c) Current tax liabilities (net)	2.23	2,955.97	1,914.63
	(d) Other current liabilities	2.24	292.14	257.79
	Total Current Liabilities		27,582.34	16,021.83
	TOTAL EQUITY AND LIABILITIES		138,394.31	114,688.94
	Summary of material accounting policies	1-1.25		
	The accompanying notes are an integral part of standalone financial statements (2.01- 2.49)			

As per our report of even date attached
 For M S K A & Associates
 Chartered Accountants
 Firm Registration No. 106047W

Geetha Jayakumar
 Geetha Jayakumar
 Partner
 Membership No. 529465



For and on behalf of the Board of Directors of
 Kitex Garments Limited
 DIN: L11101KL1602PLC000268

Geeta M Jacob
 Geeta M Jacob
 Chairman &
 Managing Director
 DIN:00049016

Sindhu Chandrasekharan
 Sindhu Chandrasekharan
 Whole-time Director
 DIN:06439615

Roby Michael
 Roby Michael
 Chief Financial Officer

Dayana Joseph
 Dayana Joseph
 Company Secretary
 ICSI No. A81008

Place: Chennai
 Date: June 23, 2025

Place: Kizhakkambalam
 Date: June 23, 2025



KiteX Garments Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2025
(All amounts are stated in lakhs unless stated otherwise)

Sl No.	Particulars	Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024
I	Income			
	(a) Revenue from operations	2.25	94,293.48	81,892.23
	(b) Other Income	2.28	3,683.89	2,457.95
	Total Income		101,941.42	84,159.26
II	Expenses			
	(a) Cost of materials consumed	2.27	43,524.14	29,742.21
	(b) Changes in inventories of finished goods and work-in-progress	2.28	(1,479.53)	(4,226.34)
	(c) Employee benefits expense	2.29	15,533.89	11,530.38
	(d) Finance costs	2.30	1,451.72	733.19
	(e) Depreciation and amortization expense	2.31	1,571.87	2,670.40
	(f) Other expenses	2.32	20,214.82	13,983.87
	Total Expenses		81,268.48	64,387.89
III	Profit before tax (I - II)		20,672.94	19,771.37
IV	Tax expense:			
	(a) Current tax		6,065.89	3,221.00
	(b) Deferred tax	2.17	(892.05)	(131.00)
	Total Tax Expenses		5,173.84	3,089.99
V	Profit for the year (III - IV)		15,299.10	16,681.37
VI	Other comprehensive (loss)/ income			
A	Items that will not be reclassified to profit or loss			
	(i) Re-measurements of post employment benefit obligations		(45.35)	(16.80)
	(ii) Fair value changes in equity instruments carried through other comprehensive income		(1.35)	5.48
	(iii) Income tax relating to items that will not be reclassified to profit or loss		11.91	3.31
	Total other comprehensive (loss)/income for the year		(34.79)	(9.01)
VII	Total comprehensive income for the year (V+VI)		15,264.31	16,572.36
VIII	Earnings per equity share (Face value of Rs. 1 each)	2.33		
	Basic & Diluted in Rs.		7.67	3.42
	Summary of material accounting policies	1-1.20		
	The accompanying notes are an integral part of standalone financial statements (2.01- 2.49)			

As per our separate report of opinion dated attached

For M S K A S Associates
Chartered Accountants
Firm Registration No. 108047M

Geetha Jayakumar
Geetha Jayakumar
Partner
Membership No.029409



Place : Chennai
Date: June 23, 2025

For and on behalf of the Board of Directors of
KiteX Garments Limited
CIN: L16119KL1999PLC096258

Sibu M Jacob
Sibu M Jacob
Chairman &
Managing Director
DIN:00048914

Sridu Chandrasekharan
Sridu Chandrasekharan
Whole-time Director
DIN:08434415

Boby Michael
Boby Michael
Chief Financial Officer

Dejana Joseph
Dejana Joseph
Company Secretary
CIS M.No.A61868

Place : Kozhikambolan
Date: June 23, 2025



KiteX Garments Limited
Standardized Statement of Cash Flow for the year ended March 31, 2025
(All amounts are stated in lakhs unless stated otherwise)

Sl No.	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A	Cash Flows from Operating Activities:		
	Net Profit before tax	22,674.94	5,968.17
	Adjustments for:		
	Depreciation and amortisation expense	1,571.80	2,073.43
	Unrealised foreign exchange (gain) / loss (net)	(663.85)	(255.14)
	Interest income	(1,075.40)	(308.44)
	Deferred grant income	(69.70)	(526.85)
	Guarantee Income	(933.45)	-
	Loss on sale of property, plant and equipment (net)	(9.34)	(7.49)
	Advances written off	-	6.03
	Provision for interest receivable	878.70	-
	Provision for expected credit loss	1,200.00	300.00
	Interest expense	1,401.72	733.13
	Operating profit before working capital changes	23,415.31	11,369.87
	Changes in working capital:		
	(Increase) / Decrease in trade and other receivables	(10,406.87)	(7,412.98)
	(Increase) in Inventories	(2,830.99)	(4,715.88)
	Increase / (Decrease) in trade, other payables and provisions	2,361.02	634.42
	Cash generated from operating activities before taxes	13,827.47	(824.19)
	Direct taxes paid (net of refunds)	(4997.31)	(2487.17)
	Net cash (used) / generated from operating activities (A)	7,830.16	(3,611.32)
B	Cash Flows from Investing Activities:		
	Purchase of property, plant and equipment and intangible assets, CWP including capital advances	(1,134.62)	(599.70)
	Proceeds from sale of property, plant and equipment	29.66	12.33
	Bank balances not considered as Cash and cash equivalents	(733.18)	2,185.65
	Purchase of investment in subsidiary	(15,362.33)	(1,987.70)
	Interest received	184.60	163.08
	Loans to wholly owned subsidiaries	(65.13)	(11.09)
	Net cash used in investing activities (B)	(15,146.89)	(215.83)
C	Cash Flow from Financing Activities:		
	Proceeds (repayment) from bank borrowings (net)	5,986.42	5152.19
	Interest paid	(1,401.72)	(483.63)
	Dividend / dividend distribution tax paid	(996.32)	(1,033.32)
	Net cash flow from / (used in) financing activities (C)	6,187.28	3,688.34
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	(1,113.26)	481.14
	Exchange difference on translation of foreign currency cash and cash equivalents	(25.00)	5.97
	Cash and cash equivalents at the beginning of the year	4,945.92	4,178.81
	Cash and cash equivalents at the end of the year (See note 1.18)	3,507.66	4845.82
	Net increase / (decrease) in cash and cash equivalents	(1,113.26)	481.14

The accompanying notes are an integral part of standardized financial statements (2.01 - 2.48)

Note:

1) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Ind AS 7 - Statement of Cash Flows. As per our separate report of even date attached.

For M S K A & Associates
 Chartered Accountants
 Firm Registration No. 189047M

Geetha Jayakumar
 Partner
 Membership No.029439



Place : Chennai
 Date: June 23, 2025

For and on behalf of the Board of Directors of
KiteX Garments Limited
 CIN: L3210(KL)1993PLC000258

Sabu M Jacob
 Chairman & Managing Director
 DIN:00346015

Srinu Chandrasekharan
 Whole-time Director
 DIN:08434415

Boby Michael
 Chief Financial Officer

Dayanidhi Joseph
 Company Secretary
 ICSI M.No.A91808

Place : Kozhikambalam
 Date: June 23, 2025



Kitex Garments Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2025
 (All amounts are stated in lakhs unless stated otherwise)

A Equity Share Capital

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the reporting year	685.00	685.00
Bonus issues during the year	1,330.00	-
Balance at the end of the reporting year	1,985.00	685.00

B Other Equity

Particulars	Reserves and surplus			Equity instrument through other comprehensive income	Total
	Capital reserve	General reserve	Retained earnings		
Balance as at April 01, 2023	22.10	32,675.00	86,133.93	3.88	89,034.91
Profit for the year	-	-	5,018.77	-	5,018.77
Re-measurements of post-employment benefit obligations (net of tax)	-	-	(13.91)	-	(13.91)
Fair value changes on equity instruments carried through other comprehensive income (net of tax)	-	-	-	4.08	4.08
Dividends	-	-	(897.50)	-	(897.50)
Transfer to reserves	-	2,000.00	(2,000.00)	-	-
Balance as at March 31, 2024	22.10	32,675.00	82,038.39	7.96	95,033.45
Balance as at April 01, 2024	22.10	32,675.00	82,038.39	7.96	95,033.45
Profit for the year (net of tax)	-	-	15,266.33	-	15,266.33
Re-measurements of post-employment benefit obligations (net of tax)	-	-	(30.94)	-	(30.94)
Fair value changes on equity instruments carried through other comprehensive income (net of tax)	-	-	-	(1.51)	(1.51)
Dividends	-	-	(897.50)	-	(897.50)
Share issue	-	-	(1,330.00)	-	(1,330.00)
Transfer to reserves	-	2,000.00	(2,000.00)	-	-
Balance as at March 31, 2025	22.10	34,675.00	75,864.29	6.45	109,567.82

The accompanying notes are an integral part of standalone financial statements (2.01-2.40)


As per our report of even date attached
 For M S K A & Associates
 Chartered Accountants
 Firm Registration No. 100047W



 Geetha Jayakumar
 Partner
 Membership No. 209426

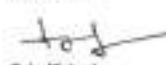



Place : Chennai
 Date: June 23, 2025

For and on behalf of the Board of Directors of
 Kitex Garments Limited
 CIN: L19101W1902PL2090258


 Sanku M Joseph
 Chairman & Managing Director
 DIN: 00048018


 Binitha Chelidrasankaran
 Whole-time Director
 DIN: 06434415


 Boby Michael
 Chief Financial Officer


 Gayatri Joseph
 Company Secretary
 IC21 M No. A81628

Place : Kochi/Kambalam
 Date: June 23, 2025



Notes to the Standalone Financial Statements for the year ended March 31, 2025

General Information

Kitex Garments Limited ('the Company') is a Public Company incorporated and domiciled in India having its registered office at Kizhakkambalam, Alwaye, Ernakulam- 683562, Kerala, India. The Company is leading Indian apparel manufacturer and exporter of knitted garments for infants and kids. The Company was incorporated in the year 1992 under erstwhile Companies Act, 1956. Its manufacturing locations are at Kizhakkambalam. It has six wholly owned subsidiaries, one subsidiary and one overseas associate. The Company's equity shares are listed on the Bombay Stock Exchange Limited and The National Stock Exchange India Limited.

The financial statements are approved for issue by the Company's Board of Directors on June 23, 2025.

1. Material Accounting Policies

1.1 Basis of Accounting and Preparation of Standalone Financial Statements

(i) Statement of compliance

The Standalone financial statements which comprise the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, and the Statement of Changes in Equity ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015, along with relevant amendment rules issued thereafter and other relevant provisions of the Act, as applicable.

(ii) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis on the accrual basis of accounting, except for the following -

(a) Certain financial assets and liabilities (including derivative instruments) that is measured at fair value;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(iii) Rounding off amounts

All amounts disclosed in standalone financial statements and notes have been rounded off to the nearest lakhs as per requirement of Schedule III of the Act, unless otherwise stated.

(iv) Use of estimates and judgement

In the preparation of standalone financial statements, the management makes estimates and assumptions in conformity with the Generally Accepted Accounting Principles in India. Such estimates and assumptions are made on reasonable and prudent basis taking into account all available information. However, actual results could differ from these estimates and assumptions and such differences are recognised in the period in which results are ascertained. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the standalone financial statements are disclosed in Note 1.20.



1.2 Current versus Non-Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

1.3 Property, Plant & Equipment

Property, plant and equipment (except freehold land) are stated at cost of acquisition less accumulated depreciation and impairment if any. Freehold land is carried at historical cost. The Company is adopting the cost model for determining gross carrying amount. Cost comprises of purchase price, inward freight, duties and taxes that are not refundable net of duty credits and any attributable cost of bringing the assets to its working condition for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use at the reporting date.

Depreciation methods, estimated useful lives

Depreciation on property, plant and equipment is provided on straight line method based on the useful lives as under:

(a) Assets (other than capital spares) - based on useful lives prescribed under Schedule II of the Companies Act, 2013.

(b) Capital spares - based on useful life of each replaced part (2 - 5 years).

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income' or 'Other expenses'.

1.4 Intangible Assets

Cost of software is capitalised as intangible asset consisting of direct cost incurred for acquisition of intangible asset comprising of purchase cost, non refundable duties and taxes and any professional charges and amortised on a straight-line basis over the economic useful life of three years.

The residual values, useful lives and methods of depreciation of intangible assets are reviewed by the management at each financial year and adjusted prospectively, if appropriate.

1.5 Investment in Subsidiaries and Associates

Investment in subsidiaries and associate is measured at cost less provision for impairment.

1.6 Inventories

Inventories are valued at lower of cost or net realisable value. For this purpose, the cost of bought-out inventories comprises of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on First-in, First-Out (FIFO) basis. Cost of Inventory comprises Cost of Purchase, Cost of Conversion and other Costs incurred to bring them to their respective present location and condition. The net realisable value of bought-out inventories is taken at their



current replacement value. The cost of manufactured inventories comprises of the direct cost of production plus appropriate fixed and variable production overheads using the Specific Identification Method to assign costs.

1.7 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the standalone financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The standalone financial statements are presented in Indian Rupees ("INR"), which is the functional currency and presentation currency of the Company.

(b) Transactions and balances

Foreign exchange transactions are recorded at the functional currency adopting the exchange rate prevailing on the dates of respective transactions. Monetary assets and liabilities denominated in foreign currencies existing as on the Balance Sheet date are translated at the functional currency exchange rate prevailing as at the Balance Sheet date. The exchange difference arising from the settlement of transactions during the period and effect of translations of assets and liabilities at the Balance Sheet date are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit and loss are also recognised in Other Comprehensive Income or profit and loss, respectively).

1.8 Leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

1.9 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

1.10 Government Grants

Government grants shall be recognised in profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants related to depreciable assets are presented in the Balance Sheet by setting up the grant as deferred income and are recognised in profit and loss over the periods and in the proportions in which depreciation expense on those assets is recognised and are presented under Other Income.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related



costs are recognised in profit and loss of the period in which it becomes receivable and are presented under Other Income/deducted from the related heads of expenditure.

1.11 Financial Instruments

(a) Financial asset

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are measured at amortised cost or fair value through profit or loss account. For purposes of subsequent measurement, financial assets are classified in following categories:

(a) at amortized cost; or

(b) at fair value through other comprehensive income; or at fair value through profit or loss.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

(iii) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

(b) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial guarantees are recognised at fair value.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are de-recognised as well as through the amortisation of effective interest.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.



1.12 Revenue Recognition

The Company derives revenues primarily from sale of manufactured fabric and readymade garments.

Revenue is recognized at point in time on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products.

Other operating revenue - Export incentives: Export incentives under various schemes are accounted upon fulfilling the conditions established by respective regulations as applicable to the Company and as amended from time to time.

Income is recognised at the value or rate prescribed by respective regulations.

Interest income is recognised on accrual basis.

1.13 Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with the provisions of the Income Tax Act, 1961. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period on taxable profits computed in accordance with Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or items related to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.14 Employee Benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Defined contribution plans

The company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are recognised as employee benefit expense in the Statement of Profit and Loss for the year.

(c) Defined benefit plans: Gratuity

The net present value of the obligation for gratuity benefits are determined by independent actuarial valuation, conducted annually using the projected unit credit method.



The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefits are recognised immediately in Statement of Profit and Loss as past service cost, if any, and net interest on the defined benefit liability/(asset) are recognised in the Statement of Profit and Loss.

Remeasurements of the net defined benefit liability/(asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest), are recognised in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

(d) Long-term employee benefits: Compensated absences

The company has a scheme for compensated absences for employees, the liability of which is determined based on an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

1.15 Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company's operations predominantly relate to one operating segment i.e. Textile – Infant / Kids Apparel manufacturing.

1.16 Earnings Per Share

Basic/diluted earnings per share is calculated by dividing the net profit and loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/diluted potential equity shares outstanding as at the end of the year, as the case may be.

1.17 Impairment of Non-Financial Assets

The Company assesses at each year and whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. An asset or a cash generating unit is treated as impaired, when the carrying value of assets exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Based on such assessment, impairment loss if any is recognised in the Statement of Profit and Loss for the period in which the asset is identified as impaired.

1.18 Cash and Cash Equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

1.19 Provisions and Contingent Liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) because of a past event, for which it is probable that a cash outflow will be required, and a reliable estimate can be made of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material). These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.



When the Company expects some or all the provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

Contingent liabilities are disclosed when the company has a possible obligation, or a present obligation and it is probable that an outflow of resources will not be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

1.20 Significant Accounting Judgments, Estimates and Assumptions

The preparation of standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

(i) Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

(ii) Actuarial valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after considering inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the standalone financial statements.

(iii) Impairment of assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of advances/receivables:

Management reviews its receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.



Notes forming part of Standalone financial statements for the year ended March 31, 2025
 2.11.A - Property, Plant and Equipment- Standalone
 (All amounts are stated in lakhs unless stated otherwise)

	GROSS BLOCK		ACCUMULATED DEPRECIATION		NET BLOCK			
	As at April 1, 2025	Additions during the year	Disposal	As at March 31, 2025	Depreciation during the year	Disposal	As at March 31, 2025	As at March 31, 2024
Freehold Land	492.83	-	-	492.83	-	-	492.83	492.83
Building	6,850.24	-	-	6,850.24	252.34	-	4,805.63	5,157.87
Plant & Machinery	19,216.92	267.23	316.25	19,167.90	1,105.51	289.82	4,319.17	5,243.88
Furniture & Fixtures	235.72	0.68	-	236.48	14.57	-	23.05	36.94
Vehicles	637.79	35.31	28.42	646.48	50.74	22.32	509.06	163.13
Office Equipments	596.76	6.23	-	602.99	29.03	-	565.86	39.81
Computers	638.04	23.36	-	661.42	8.44	-	634.44	26.98
Electrical Equipments	810.06	10.04	-	827.99	30.66	-	270.84	253.58
Total	29,278.36	339.77	342.67	29,275.46	1,567.31	322.14	10,103.21	11,461.28

	GROSS BLOCK		ACCUMULATED DEPRECIATION		NET BLOCK			
	As at April 1, 2023	Additions during the year	Disposal	As at March 31, 2024	Depreciation during the year	Disposal	As at March 31, 2024	As at March 31, 2023
Freehold Land	492.83	-	-	492.83	-	-	492.83	492.83
Building	6,850.24	-	-	6,850.24	253.03	-	5,157.97	5,411.00
Plant & Machinery	19,160.53	36.36	-	19,216.92	1,508.87	-	5,243.88	6,795.36
Furniture & Fixtures	235.72	-	-	235.72	19.55	-	36.94	56.49
Vehicles	633.71	33.02	28.04	637.79	57.80	24.11	163.13	192.74
Office Equipments	592.34	4.52	-	596.76	79.81	-	39.81	115.20
Computers	627.57	10.47	-	638.04	8.27	-	13.04	10.84
Electrical Equipments	805.21	4.65	-	810.06	44.84	-	253.58	293.57
Total	28,218.05	89.35	28.84	28,275.56	2,022.17	24.11	11,461.28	13,339.03

Net:-

2.11.A.1. All immovable property are held in the name of Company



Notes forming part of Standalone financial statements for the year ended March 31, 2025

	2.11 B - Capital Work-in-Progress - Standalone		
	GROSS BLOCK (at cost)		
	As at April 1, 2024	Additions during the year 2024	As at March 31, 2025
Building under Construction	2,523.64	645.87	3,209.51
Plant and Equipment under Installation	122.32	300.44	211.30
Total	2,645.96	946.31	3,448.81

	GROSS BLOCK (at cost)		
	As at April 1, 2023	Additions during the year 2024	As at March 31, 2024
Building under Construction	1,028.26	695.38	2,523.64
Plant and Equipment under Installation	214.44	0.28	122.32
Total	2,042.70	695.66	2,645.96

2.11 C - Other Intangible Assets - Standalone

	GROSS BLOCK			ACCUMULATED AMORTISATION			NET BLOCK	
	As at April 1, 2024	Additions during the year 2024	As at March 31, 2025	As at April 1, 2024	During the Year 2025	As at March 31, 2025	As at March 31, 2025	As at March 31, 2024
Computer software	287.13	-	287.13	281.12	4.36	265.43	1.65	6.01
Total	287.13	-	287.13	281.12	4.36	265.48	1.65	6.01

	GROSS BLOCK			ACCUMULATED AMORTIZATION			NET BLOCK	
	As at April 1, 2023	Additions during the year 2024	As at March 31, 2024	As at April 1, 2023	During the Year 2024	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Computer software	283.10	4.03	287.13	232.88	48.23	281.12	6.01	59.22
Total	283.10	4.03	287.13	232.88	48.23	281.12	6.01	59.22



Notes forming part of Stoneisone financial statements for the year ended March 31, 2025
2.01 D Ageing of capital work-in-progress (Tangible) is as below:

Particulars	Amount in CWP for a period of				As at March 31, 2025
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	794.65	695.65	1,329.88	557.57	3,377.65
Projects temporarily suspended	-	-	-	62.86	62.86
Total	794.65	695.65	1,329.88	620.43	3,440.61

Particulars	Amount in CWP for a period of				As at March 31, 2024
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	695.65	1,329.88	557.57	-	2,583.10
Projects temporarily suspended	-	-	-	62.86	62.86
Total	695.65	1,329.88	557.57	62.86	2,645.96

2.01A CWP Completion schedule for whose completion has exceeded original plan has been provided below:

Particulars	To be completed in				As at March 31, 2025
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Grants Held	3,209.51	-	-	-	3,209.51
Total	3,209.51	-	-	-	3,209.51



Notes forming part of Standalone financial statements year ended March 31, 2025
(All amounts are stated in lakhs unless stated otherwise)

2.82 Investments (Non-Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Unquoted		
Investments carried at cost		
Investments in equity instruments of associate company 4,250,213.89 (4,250,216.89) fully paid-up membership units of USD 1 each in KiteX USA LLC (Refer Note 2.82.1)	2,776.24	2,776.24
Investments in equity instruments of subsidiaries		
1,000,000 (1,000,000) fully paid-up equity shares of Rs. 10/- each in KiteX Kitewear Limited	100.00	100.00
100,000 (100,000) fully paid-up equity shares of Rs. 10/- each in KiteX Kites Limited	10.00	10.00
100,000 (100,000) fully paid-up equity shares of Rs. 10/- each in KiteX Balywear Limited	10.00	10.00
1,000,000 (1,000,000) fully paid-up equity shares of Rs. 10/- each in KiteX Lifestyle Limited	100.00	100.00
100,000 (100,000) fully paid-up equity shares of Rs. 10/- each in KiteX Parks Limited	10.00	10.00
100,000 (100,000) fully paid-up equity shares of Rs. 10/- each in KiteX Socks Limited	10.00	10.00
42,12,530.00 (28,74,37,000) fully paid-up equity shares of Rs. 10/- each in KiteX Apparel Parks Limited	42,126.30	28,742.70
Fair value of financial guarantees given to subsidiary (Refer Note 2.82.2)	306.63	1,932.93
Quoted		
Investments carried at fair value through other comprehensive income		
1,000 (1,000) fully paid-up equity shares of Rs. 2/- each in Punjab National Bank Limited	0.73	0.71
Total	46,464.90	33,279.57
Aggregate amount of unquoted investments	46,448.17	31,758.54
Aggregate amount of quoted investments and market value thereof (The market value of quoted investments is equal to the carrying value)	0.73	0.71

2.82.1 The Company holds an investment in an Associate, KiteX USA LLC, which amounts to Rs. 2,776.24 lakhs (March 31, 2024: Rs. 2,776.24 lakhs) as on March 31, 2025. The Company also, has trade receivables due from the aforesaid Associate company amounting to Rs. 12,277.57 lakhs (March 31, 2024: Rs. 10,325.12 lakhs) as at March 31, 2025. The Associate Company has been reporting continuous losses, and this has fully eroded its net worth as on that date. The management of the Company has evaluated the fair valuation of the investments and the recoverability of trade receivables by considering various factors like change in business plan due to business deal entered with major customers, who are leaders in market, and with whom the Associate have already started shipping test orders to the targeted customers for their distribution to selected stores. Based on these factors, the management of the Company believes that the store expansion of the above customer in United States, Mexico and Europe will add value to the business of the Associate and will lead to increased projected revenue and higher contribution margins. Accordingly, the management of the Company considers that the fair value of the investment in the Associate is higher than the carrying value and based on the change in business plan entered, the trade receivables of the Associate in the Company as good and recoverable as on March 31, 2025. Hence, no material adjustments would be required to be made to the carrying value of the investments and trade receivables of the Associate in the standalone financial results of the Company for the year ended March 31, 2025.

2.82.2 With effect from financial year 2024-25 Company have entered into an agreement with KiteX Apparel Parks Limited receive commission for corporate guarantees provided against borrowings availed from banks. Accordingly, the fair value adjustment previously recognized in investment during FY 2023-24 in line with IND AS 108, in respect of guarantees given at concessional terms from aforesaid mentioned subsidiary Company, has been reassessed. The unutilised portion of the equipment has been reversed, as the guarantees are now considered to be on arm's length terms.

2.83 Loans (Non-Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Loans to wholly owned subsidiaries (Refer Note 2.03.1)	18,634.77	18,649.84
- Doubtful	-	-
Less: Allowance for bad and doubtful deposits	-	-
Total	18,634.77	18,649.84

2.83.1 Company amended agreement on loan granted to subsidiaries on March 31, 2024 thereby extending the due date of payment by further 5 years. Loans carry interest rate of 8.15%.



2.03.3 Details of loans given covered by 186W of the Companies Act, 2013

Name of the Company	Rate of Interest	Due Date	Secured/Unsecured	Purpose of Loan
KITEK KNOTS LIMITED	8.12%	March 30, 2020	Unsecured	To facilitate the commencement of manufacturing activities, address urgent business needs, and fulfil contractual and other obligations of the borrower.
KITEK DARYWEAR LIMITED	8.12%	March 30, 2020	Unsecured	
KITEK WOODWEAR LTD	8.12%	March 30, 2020	Unsecured	
KITEK LITTLEWEAR LIMITED	8.12%	March 30, 2020	Unsecured	
KITEK JACKS LIMITED	8.12%	March 30, 2020	Unsecured	
KITEK SOONS LIMITED	8.12%	March 30, 2020	Unsecured	

2.04 Other Financial Assets (Non-Current)

Particulars	As at	
	March 31, 2020	March 31, 2019
Unsecured, considered good		
Security deposit (Refer Note 2.04.1)	128.98	124.62
Bank deposits with maturity more than 12 months		24.34
Total	128.98	148.96

2.04.1 Deposit account includes deposits held as security for ₹28.88 Lakhs (₹24.62 Lakhs as on March 31, 2019) which are not expected to be refunded in the next 12 months for the purpose of electricity deposit, gas deposit etc.

2.05 Non-Current Tax Assets

Particulars	As at	
	March 31, 2020	March 31, 2019
Income tax receivable	248.81	275.22
Total	248.81	275.22

2.06 Other Non-Current Assets

Particulars	As at	
	March 31, 2020	March 31, 2019
Unsecured, considered good		
Capital advances	218.80	221.50
Advances to government authorities	228.05	325.05
Total	446.85	546.55

2.07 Inventories

Particulars	As at	
	March 31, 2020	March 31, 2019
Raw materials	4,325.02	5,324.26
Raw materials in transit	92.15	66.19
Work-in-progress	12,571.79	12,244.42
Finished goods	1,286.28	1,743.75
Stores and spares	173.28	422.13
Stores and spares in transit	80.58	-
Total	18,549.12	19,800.85

2.07.1 Method of valuation of inventories - See note 1.8 of material accounting policies.

2.07.2 See attached note 2.15 (a) of part pass draught to the inventory of the Company.

2.08 Trade Receivables

Particulars	As at	
	March 31, 2020	March 31, 2019
Unsecured, considered good (See Note 2.08.1)	25,453.53	25,887.38
Less: Allowance for credit impairment	(1,520.38)	(300.88)
Total	23,933.15	25,586.50

2.08.1 If Trade receivables include amounts due from related parties for 12887.12 Lakhs (March 31, 2019: Nil, 14,87,548 Lakhs). See note 2.25.

2.08.2 Trade receivables are non-interest bearing and are generally on credit terms not exceeding 90 days.

2.08.3 There are no outstanding receivables due from directors or other officers of the Company. No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.

2.08.4 During 2017-18, TDYIS 'W' US, Inc., a customer of the Company had filed a petition in the Bankruptcy Court in the United States to wind down its US operation. Provision of Rs. 347.02 Lakhs was made for the receivables towards last, if any on receipt of receivables in the same year. After the hearings at the US Bankruptcy court on September 3, 2018 and November 13, 2018, Plan submitted under Chapter 11 was confirmed. The claim allowed to the Company aggregates to 1,828.29 Lakhs. Consequently, the provision created in the books of Rs. 347.02 Lakhs was written back during 2018-19. Later Company has received interim disbursement of Rs. 13.21 Lakhs during the year and Rs. 1,890.02 Lakhs in same year from the liquidator of TDYIS 'W' US, Inc. Trade receivables includes Rs. 410.58 Lakhs (March 31, 2019: Rs. 188.77 Lakhs) receivables from TDYIS 'W' US as on March 31, 2020.

2.08.5 Company has accounted receivable denominated in Foreign currency in the tune of Rs. 6,218.48 Lakhs which is outstanding for more than one year. Company has taken active measures to regularize the delay with AD Bank for compliance with the provision of Foreign Exchange Management Act, 1999 (FEMA) and with rules notified thereunder.



1.20.4 Trade Payables aging schedule

Particulars	Summarizing for following periods from date of invoice					As at March 31, 2021 Total
	< 30 days	31 to 60 days	61 to 90 days	91 to 120 days	> 120 days	
(i) Unsettled Trade Payables - Commercial credit	27,70,000	1,00,000	1,45,000	7,70,000	6,35,000	36,55,000
(ii) Unsettled Trade Payables - Commercial credit	-	-	-	-	4,50,000	4,50,000
(iii) Unsettled Trade Payables - Commercial credit	-	-	-	-	-	-
(iv) Advance for received goods etc.	-	-	-	3,00,000	-	3,00,000
Total						44,05,000

Particulars	Summarizing for following periods from date of invoice					As at March 31, 2021 Total
	< 30 days	31 to 60 days	61 to 90 days	91 to 120 days	> 120 days	
(i) Unsettled Trade Payables - Commercial credit	31,00,000	1,00,000	1,00,000	1,00,000	11,00,000	35,00,000
(ii) Unsettled Trade Payables - Commercial credit	-	-	-	-	1,00,000	1,00,000
(iii) Unsettled Trade Payables - Commercial credit	-	-	-	-	-	-
(iv) Advance for received goods etc.	-	-	-	1,00,000	-	1,00,000
Total						37,00,000

2.20 Capital and Cash Payments

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with bank:-		
In commercial bank	48,427	1,00,000
In SBI account	1,00,000	1,00,000
In cash	1,000	1,000
Total	1,49,427	2,01,000

2.10 Asset Advances other than Cash and Cash Payments

Particulars	As at March 31, 2021	As at March 31, 2020
Advance with bank:-		
In Commercial bank (Secured & Unsecured)	1,00,000	1,00,000
In Unsecured account	47,500	40,000
In Financial assets with bank - Secured	1,00,000	1,00,000
Total	2,47,500	2,40,000

2.10.1 In Advance with bank in secured account with a security against Loans of Credit Co-operative with a security value of less than 100 percent.

2.11 Other Financial Assets and Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Government provident fund investment cost	10,000	1,00,000
Subsidiary investment cost 21-2	1,00,000	1,00,000
Share in unlisted companies	1,00,000	1,00,000
Share in bank	10,000	10,000
Share in company in default	1,000	1,000
Other financial assets (21-2)	1,00,000	1,00,000
Interest receivable on loans (secured & unsecured)	1,00,000	1,00,000
Other financial assets (21-2)	1,00,000	1,00,000
Total	4,11,000	4,11,000

2.11.1 There are no other financial assets/liabilities as at March 31, 2021 and March 31, 2020 which have expired/become unsecured or with unsecured interest.

2.12 Details of pending applications for loans submitted to banks from March 17, 2020 to March 31, 2021 (Table 2.12.1)

2.12.1 Other Details Bank

Particulars	As at March 31, 2021	As at March 31, 2020
Amount sanctioned/used		
Amount receivable in cash or in form of loan for secured	48,427	48,427
Balance with government authorities	1,00,000	1,00,000
Amount in cash	1,000	1,000
Amount in bank	1,000	1,000
Amount in other financial assets	1,000	1,000
Total	1,51,427	1,51,427

2.12.2 Equity Share Capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized		
10,00,000 (10,00,000) equity shares of Rs. 10 each	1,00,00,000	1,00,00,000
10,00,000 (10,00,000) equity shares of Rs. 10 each	1,00,00,000	1,00,00,000
Total	2,00,00,000	2,00,00,000

2.12.3 Issues of equity shares/convertible securities
The Company has not issued any shares/convertible securities since the last date of Rs. 10 each. There is no issue of equity shares or convertible securities as per the Company's memorandum and articles of association. The directors/proxy holders have not issued any shares/convertible securities in the financial year ending on the date of the financial statements. The balance of equity shares will be entitled to receive dividend/profit/loss of the Company after distribution of accumulated reserves. Distribution of dividend/profit/loss will be as per the memorandum and articles of association.

2.12.4 Shareholders of convertible equity shares with voting rights at the beginning and at the end of the financial year

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
No. of shares held by the Company	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Also held by other shareholders	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Total	2,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000

2.12.5 Particulars of shareholders holding convertible equity shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Percentage holding	No. of shares	Percentage holding
Mr. Anil Kumar	1,00,00,000	50.00%	1,00,00,000	50.00%
Mr. Anil Kumar (Partner)	1,00,00,000	50.00%	1,00,00,000	50.00%
Mr. Anil Kumar (Partner)	1,00,00,000	50.00%	1,00,00,000	50.00%
Mr. Anil Kumar (Partner)	1,00,00,000	50.00%	1,00,00,000	50.00%
Total	4,00,00,000	100.00%	4,00,00,000	100.00%

2.12.6 Particulars of convertible shares held by the Company as follows

Particulars	As at March 31, 2021		As at March 31, 2020		During the year	
	No. of shares	%	No. of shares	%	No. of shares	%
Total	1,00,00,000	100%	1,00,00,000	100%	1,00,00,000	100%
Mr. Anil Kumar	1,00,00,000	100%	1,00,00,000	100%	1,00,00,000	100%
Mr. Anil Kumar (Partner)	1,00,00,000	100%	1,00,00,000	100%	1,00,00,000	100%
Mr. Anil Kumar (Partner)	1,00,00,000	100%	1,00,00,000	100%	1,00,00,000	100%
Mr. Anil Kumar (Partner)	1,00,00,000	100%	1,00,00,000	100%	1,00,00,000	100%
Total	4,00,00,000	100%	4,00,00,000	100%	4,00,00,000	100%

2.12.7 Details of the number of shares held during the period of the year immediately preceding the reporting year

Particulars	No. of shares	Amount in Indian
Shareholders	1,00,00,000	1,00,00,000

2.12.8 Particulars of approved convertible shares held by the Company as follows
The Company has not issued any convertible shares since the last date of Rs. 10 each. There is no issue of convertible shares as per the Company's memorandum and articles of association. The directors/proxy holders have not issued any convertible shares in the financial year ending on the date of the financial statements. The balance of convertible shares will be entitled to receive dividend/profit/loss of the Company after distribution of accumulated reserves. Distribution of dividend/profit/loss will be as per the memorandum and articles of association.

2.12.9 Particulars of convertible shares held by the Company as follows
The Company has not issued any convertible shares since the last date of Rs. 10 each. There is no issue of convertible shares as per the Company's memorandum and articles of association. The directors/proxy holders have not issued any convertible shares in the financial year ending on the date of the financial statements. The balance of convertible shares will be entitled to receive dividend/profit/loss of the Company after distribution of accumulated reserves. Distribution of dividend/profit/loss will be as per the memorandum and articles of association.



2.14 Other Equity

Particulars	As at	
	March 31, 2023	March 31, 2024
Capital reserves		
Investment subsidy	32.50	32.50
General reserve		
Opening balance	32,879.00	32,879.00
Add: Transfer from retained earnings	2,000.00	2,000.00
Closing balance	34,879.00	34,879.00
Retained earnings		
Opening balance	42,852.39	89,131.00
Add: Profit for the year	15,255.31	6,218.17
Add: Re-measurements of post-employment benefit obligations (net of tax)	(13.94)	(73.99)
Less:		
Transfer to general reserve	2,000.00	2,000.00
Payment of dividends	997.90	997.90
Issue of Bonus Shares	1,130.00	-
Closing balance	71,954.29	81,367.19
Equity instrument through other comprehensive income		
Opening balance	7.89	3.00
Add: Fair value changes on equity instruments carried through other comprehensive income (net of tax)	(11.57)	4.08
Closing balance	6.32	7.08
Total	196,827.82	195,934.47

2.14.1 Description of nature and purpose of each reserve

- (i) **Capital reserve:** Capital reserve denotes investment subsidy received by the Company amounting to Rs. 20.10 lakhs (31.03.2024) (Rs. 22.12 lakhs).
- (ii) **General reserve:** General reserve is created from time to time by way of transfer of profits from retained earnings for appreciation purposes. General Reserve is created by a transfer from one component of equity to another and is not an item of comprehensive income.
- (iii) **Equity instruments through other comprehensive income:** This represents the cumulative gains and losses arising from the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

2.15 Other financial liabilities

Particulars	As at	
	March 31, 2023	March 31, 2024
Financial guarantee provided by Kite Apparel Parks Limited (Pater note 2.02.2)	-	978.50
Closing balance	-	978.50

2.16 Provisions

Particulars	As at	
	March 31, 2023	March 31, 2024
Provision for doubtful (See note 2.16.2)	542.81	587.00
Provision for compensated absences (See note 2.18.2)	222.48	181.89
Total	1,065.29	768.89

2.16.1 Short-term provisions of employee benefits is disclosed in note 2.22

2.16.2 Disclosures required under Ind AS 18 - "Employee Benefits"

2.16.2.a Defined contribution plans

During the year, the following amounts have been recognised in the statement of profit and loss on account of defined contribution plans:

Particulars	As at	
	March 31, 2023	March 31, 2024
Employees contribution to provident fund	607.53	763.71
Employer contribution to employees' gratuity fund	201.77	183.28

2.16.2.b Defined benefit plans - generally unfunded obligation

Particulars	As at	
	March 31, 2023	March 31, 2024
Actuarial assumptions		
Discount rate (per annum)	6.50%	7.20%
Salary escalation rate*	7.00%	7.50%
Mortality rate	Indian Actuated Lives Mortality (2012-14) table	Indian Actuated Lives Mortality (2012-14) table

*The assumption of future salary escalation takes into account inflation, security, productivity and other relevant factors such as supply and demand in the employment market.

Particulars	As at	
	March 31, 2023	March 31, 2024
(i) Reconciliation of present value of obligation		
Present value of obligation at the beginning of the year	1,281.53	976.00
Current service cost	184.09	183.89
Interest cost	67.77	80.70
Actuarial (gain)/ loss - financial assumptions	40.50	3.81
Actuarial (gain)/ loss - experience adjustments	3.36	12.99
Benefits paid	(122.98)	(143.84)
Present value of obligation at the end of the year	1,294.68	1,087.55
Contributions by the employer	122.98	143.84
Benefits paid	(122.98)	(143.84)
(ii) Expenses recognised in the statement profit and loss		
Current service cost	184.09	183.89
Interest cost	67.77	80.70
Post service cost (if applicable)	0.48	-
Total expenses recognised in the statement of profit and loss for the year	252.34	225.75
(iii) Expenses recognised in other comprehensive income		
Opening amount recognised in OCI outside profit and loss account	(238.51)	(248.11)
Re-measurements during the period due to:		
(a) Changes in financial assumptions	40.50	3.81
(b) Experience adjustments	3.36	12.99
Total re-measurements included in other comprehensive income (a+b)	43.86	16.80
Closing amount recognised in OCI outside profit and loss account	(194.65)	(231.31)
(iv) Sensitivity analysis		
Discount rate +10 basis points	(0.87%)	(2.34%)
Discount rate -10 basis points	0.95%	2.89%
Salary increase rate +10 basis points	2.73%	2.65%
Salary increase rate -10 basis points	(2.80%)	(2.52%)



(vi)	Maturity Analysis of the Benefits payments	As at	
		March 31, 2023	March 31, 2024
	Year 1	210.33	202.52
	Year 2	176.38	162.12
	Year 3	147.86	134.14
	Year 4	100.38	118.88
	Year 5	521.70	118.88
	Year 6 years and above	1,242.21	663.88

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

2.16.2.c Long-term employee benefits
Contingent liabilities (existing and non-existing) unfunded obligation

(v)	Actuarial Assumptions	As at	
		March 31, 2023	March 31, 2024
	Discount rate (per annum)	8.50%	7.00%
	Salary escalation rate*	7.00%	7.00%
	Mortality rate	Indian Annuity Lines Mortality (2010-14) 10.18396	Indian Annuity Lines Mortality (2010-14) 10.18396

*The assumption of future salary escalation takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

2.17 Deferred Tax Liabilities (Net)

Particulars	As at	
	March 31, 2023	March 31, 2024
A. Deferred tax liability:		
On excess of net book value over income tax written down value of property, plant and equipment	521.53	415.84
On excess of fair value over cost of investments	0.88	1.55
B. Deferred tax assets:		
On provisions for employee benefits	413.21	300.37
On provisions for expected credit loss	548.34	-
Deferred tax liabilities (net)	1,483.96	728.76

Reversion in deferred tax liabilities / assets balances during the year ended March 31, 2023

Particulars	As at		Recognised in profit or loss	Recognised in other comprehensive income	As at March 31, 2023
	April 01, 2023	March 31, 2023			
A. Deferred tax liability:					
On excess of net book value over income tax written down value of property, plant and equipment	415.84	521.53	(92.31)	-	521.53
On excess of fair value over cost of investments	1.28	0.88	(0.50)	-	0.88
B. Deferred tax assets:					
On provisions for employee benefits	300.37	413.21	(114.41)	-	413.21
On provisions for expected credit loss	-	548.34	-	-	548.34
Deferred tax liabilities (net)	717.49	1,483.96	(216.62)	(114.41)	728.76

Reversion in deferred tax liabilities / assets balances during the year ended March 31, 2024

Particulars	As at		Recognised in profit or loss	Recognised in other comprehensive income	As at March 31, 2024
	April 01, 2023	March 31, 2023			
A. Deferred tax liability:					
On excess of net book value over income tax written down value of property, plant and equipment	521.53	415.84	(222.86)	-	415.84
On excess of fair value over cost of quoted equity investments	0.21	0.88	(0.67)	1.27	1.28
On foreign exchange forward contracts	108.67	-	-	-	-
B. Deferred tax assets:					
On provisions for employee benefits	300.37	413.21	(112.81)	-	300.37
On provisions for expected credit loss	-	548.34	-	-	548.34
Deferred tax liabilities (net)	930.78	1,483.96	(235.64)	1.27	728.76

Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended	
	March 31, 2023	March 31, 2024
Profit before tax	25,074.04	9,305.14
Income tax expense calculated at 25.168%	6,303.47	2,403.69
Tax effect on non-deductible expenses	102.23	532.60
Total	6,507.97	3,439.99
Tax expense as per statement of profit and loss	6,547.78	3,593.69

The tax rate used for reconciliation above is the corporate tax rate of 25.168% (25.168%) payable on taxable profit under the Income Tax Act, 1961.

2.18 Other Non-Current Liabilities

Particulars	As at	
	March 31, 2023	March 31, 2024
Deferred liability on asset liability lease note 7.38 1.2021	71.58	71.58
Total	71.58	71.58

2.19 Borrowings

Particulars	As at	
	March 31, 2023	March 31, 2024
Loan receivable on demand bank deposit (secured)	18,242.58	1,812.72
Total	18,242.58	1,812.72

Notes to Borrowings:

- (a) The Company has availed upon packing credit foreign currency loan for working capital which is secured by first charge over the entire current assets of the Company, both present and future, second charge over immovable fixed assets i.e. equitable mortgage over 25.44 acres of the land and building belonging to the Company, also hypothecation charge over the other fixed assets of the Company apart from personal guarantee of the Managing Director. The short term loans are repayable on demand and are re-creditable subsequently after repayment.



(b) The quarterly returns or statements of current assets filed by the Company with banks are not in agreement with the books of accounts. Reconciliation of quarterly returns or statements of current assets filed with banks or financial institutions are as follows:

Name of bank	Quarter	Particulars of Amount as reported in quarterly return/ statement	Amount in books of account (the quarterly return/ statement)	Amount of difference	Reason for material discrepancy
Sara Bank of India	Mar-20	20,341.32	21,200.78	859.46	
Sara Bank of India	Apr-20	24,344.24	25,144.49	800.25	
Sara Bank of India	May-20	11,448.4	12,149.39	700.99	
Sara Bank of India	Jun-20	11,235.26	11,842.50	607.24	
Sara Bank of India	Jul-20	11,911.01	12,455.00	543.99	
Sara Bank of India	Aug-20	34,411.00	34,520.00	109.00	
Sara Bank of India	Sep-20	36,781.00	37,100.00	319.00	
Sara Bank of India	Oct-20	34,261.00	34,112.11	148.89	

1.79(a) Financial figures are submitted to the banks before finalisation of books.

(i) The average interest rate is 5.7% per annum (31.03.2024: 5.46%).

(ii) The Company has not been retained as a self-declarer by any bank or financial institution or other lender in accordance with the guidelines on self-declaration issued by the Reserve Bank of India.

(iii) Terms and conditions:

Particulars	Currency	Lenders Name	Payment	Outstanding Interest Rate	Security
Bank of India	INR	Bank of India	INR 20,00,000	4.5%	INR 20,00,000
State Bank of India	INR	State Bank of India	INR 10,00,000	4.5%	INR 10,00,000

1.81 Trade Payables

Particulars	As at March 31, 2023	As at March 31, 2024
Trade payables		
(i) Total outstanding dues of credit suppliers and small enterprises	171.00	303.31
(ii) Total outstanding dues of creditors other than credit suppliers and small enterprises	4,866.40	4,838.08
Total	5,037.40	5,141.39

1.81.1 Trade Payables - aging, interest and expunged of interest - other payables & interest payable

Particulars	Rs in Lakhs	Outstanding for following periods from due date of payment				As at March 31, 2024
		41 Days	1-3 Years	3-6 Years	6-12 Years	
(i) Trade	171.00	-	-	-	-	171.00
(ii) Other	311.41	30.00	2.01	0.00	30.00	433.42
(iii) Government dues	-	-	-	-	-	-
(iv) Interest and other	-	-	-	-	-	-
Total	482.41	30.00	2.01	0.00	30.00	514.42

Particulars	Rs in Lakhs	Outstanding for following periods from due date of payment				As at March 31, 2024
		41 Days	1-3 Years	3-6 Years	6-12 Years	
(i) Trade	303.31	-	-	-	-	303.31
(ii) Other	400.24	31.00	10.41	0.00	30.00	474.65
(iii) Government dues	-	-	-	-	-	-
(iv) Interest and other	-	-	-	-	-	-
Total	703.55	31.00	10.41	0.00	30.00	774.91

1.81.2 The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Information have been received from some of the suppliers regarding their status under the Act as at March 31, 2023, based on which, amount amount credited to such suppliers as at the year end aggregating to Rs 271.00 lakhs (31.03.2024: Rs 303.31 lakhs) has been received under these payables. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act is not expected to be material.

Disclosures required under the Micro, Small and Medium Enterprises Development Act 2006 are as follows:

Particulars	As at	
	March 31, 2023	March 31, 2024
1. Principal amount remaining unpaid as at the year end.	171.00	303.31
2. Interest due to the Company in terms of Section 15 of Micro, Small and Medium Enterprises Development Act 2006 along with the amount of interest accrued to the supplier beyond the prescribed period of the year.	-	-
3. Interest due and payable for the period of delay in making payments (which have been paid but beyond the specified day during the year) but without having the interest specified under Micro, Small and Medium Enterprises Development Act 2006.	-	-
4. Interest accrued but not received as at the year end.	-	-
5. Further interest remaining due and payable within the subsequent year, and such date when the interest due is shown are actually paid to the small enterprises, for the purpose of discharge of a statutory obligation under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Total	171.00	303.31

1.82 Other Financial Liabilities

Particulars	As at	
	March 31, 2023	March 31, 2024
Current		
Current tax payable	54.39	40.00
Provision money payable	137.82	130.40
Dividend payable	67.39	66.17
Other financial liabilities	-	17.19
Total	360.00	353.76

1.83 Short-Term Provisions

Particulars	As at	
	March 31, 2023	March 31, 2024
Provision for gratuity (see note 2.16.2)	110.31	201.31
Provision for compensated absences (see note 2.16.3)	141.88	132.00
Total	252.19	333.31



2.23 Current Tax Liabilities (Net)

Particulars	As at March 31, 2025	As at March 31, 2024
Current tax payable (net of advance tax of Rs. 3600 lakhs (Rs. 1740 lakhs))	2,966.97	1,914.62
Total	2,966.97	1,914.62

2.24 Other Current Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues	213.47	180.69
Deferred grant on capital subsidy [see note 2.25.1.(B)]	-	48.70
Advance from customers	66.67	27.31
Total	282.14	257.70

2.25 Revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of products	90,858.43	67,665.27
A	90,858.43	67,665.27
Other operating revenues		
Export entitlements	4,860.31	2,905.21
Job work charges	1,230.05	637.08
Scrap sales	1,009.78	473.63
Others**	121.89	11.11
B	7,355.93	4,696.93
Revenue from operations (A+B)	98,260.46	61,662.20

**Others include sample development charges, Sale of samples and discounts received

2.25.1 Timing of revenue recognition

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue recognised at a point in time	98,260.46	61,662.20
Sale of services recognised at a point in time	-	-
Total	98,260.46	61,662.20

2.26 Other Income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest income	1,075.40	908.44
Dividend Received	0.11	0.04
Rent received [see note- 2.26.2D]	40.21	40.21
Net gain on foreign currency transactions and translations	1,541.13	822.53
Deferred grant income [see note 2.25.1(B)]	49.70	220.22
Other non-operating incomes :		
(a) Gain on sale of property, plant and equipment (net)	9.34	475.82
(b) Other Miscellaneous Income	946.07	-
Total	3,660.96	2,467.98

2.26.1 The Company is in receipt of the Government Grant(Assistance as defined under Ind AS 20 – Accounting for Government Grants and Disclosure of Government Assistance) as under:

- Grants in the nature of Merchandise Export Incentive Scheme, Rebate of State & Central Taxes and Levies, Remission on Duties and Taxes on Exported Products and Duty Drawback are disclosed under the head 'Export Entitlements' in other operating revenue.
- Grants in the nature of Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) Scheme being reimbursement of employer's contribution to employee provident fund is deducted in the employee benefit expense amounting to Rs. Nil (31.03.2024: Rs. Nil).
- Grants in the nature of re-imbursement of cost towards capital asset under the Technology Upgradation Fund Scheme (TUPS) and Integrated Skill Development Scheme (ISDS) Project which is disclosed as deferred grant. The amount is disclosed under the head 'Other Income' in the proportions in which depreciation expense on those assets is recognised.
- Grants in the nature of re-imbursement of interest cost on borrowings under the TUPS is disclosed under the head 'Other Income'.
- Grants in the nature of re-imbursement of expenditure under the ISDS Project is deducted from the heads of related expenses.
- EPCG authorisation is obtained by the Company from Directorate General of Trade as import duty waiver over procurement of capital goods defined in Foreign Trade Policy 2015-20. The Company has deferred the grant in the books and it will be amortised in the books as and when the conditions attached (export obligation) to authorisations are fulfilled.



2.27 Cost of Materials Consumed

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Inventory at the beginning of the year	3,660.50	3,601.88
Add: Purchases	44,085.80	30,121.32
Less: Inventory at the end of the year	5,052.16	3,660.50
Total	43,694.14	29,742.81

2.28 Changes in Inventories of Finished Goods and Work-in-Progress

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Inventories at the beginning of the year		
Finished goods	1,745.11	1,741.65
Work-in-progress	10,248.41	6,023.53
	11,993.52	7,765.18
Less: Inventories at the end of the year		
Finished goods	1,085.35	1,745.11
Work-in-progress	12,577.70	10,248.41
	13,663.05	11,993.52
Net decrease / (increase)	(1,670.53)	(4,228.34)

2.29 Employee Benefits Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries & wages	13,125.51	9,601.86
Contribution to provident and other funds (Refer note 2.16.2.g)	1,105.74	903.99
Gratuity expenses (Refer note 2.16.2.b)	252.91	225.75
Staff welfare expenses	1,347.50	1,207.70
Remuneration to directors	-	-
Total	15,831.66	11,939.30

2.30 Finance Costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on export packing credit	1,086.73	524.35
Other borrowing cost	82.51	61.02
Interest on income tax	222.48	147.79
Total	1,401.72	733.19

2.31 Depreciation and amortisation expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation of property, plant and equipment (See note 2.01A)	1,567.31	2,022.17
Amortisation of intangible assets (See note 2.01C)	4.35	46.23
Total	1,571.67	2,070.40

2.32 Other Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Processing charges	6,731.27	3,172.95
Consumption of stores and spares	1,662.21	1,264.57
Power and fuel	3,066.41	3,262.80
Repairs		
- Building	41.95	60.04
- Plant & machinery	487.55	466.28
- Others	624.46	411.40
Other production expenses	466.14	270.83
Testing charges	393.06	234.43
Forwarding and transport on sales	551.40	277.87
Insurance	134.66	129.40
Rent (See note 2.43)	192.57	111.66
Rates and taxes	160.56	45.42
Travelling and conveyance	234.91	116.00
Payments to auditors (See note 2.32.2)	24.18	21.96
Advertisement and sales promotion	151.81	195.01
Professional and consultancy charges	294.12	108.17
Provision for Expected Credit Loss	1,878.70	300.00
Intangible asset under development written off	-	-
Donation (See note 2.32.1)	174.72	1,878.50
Expenses on corporate social responsibility activities (See note 2.32.3)	239.71	516.44
Loss on foreign exchange forward contracts	-	-
Miscellaneous expenses	1,328.91	1,220.06
Total	20,214.82	13,993.67



2.32.1 Contribution to political parties as per section 182 of Companies Act, 2013 (Included in Schedule) for the year ended March 31, 2025

Donation to Political parties - Rs 148 lakhs (31.03.2024: Rs.75.5 lakhs)

Devoluted bonds (in Assistance with the Electoral Bond Scheme notified by the Government of India) - Rupee (31.03.2024: Ru 1800 lakhs)

2.32.2 Payments to suppliers (Net of Goods and Service Tax)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Factory rent fees	22.50	20.80
(b) Other services	3.94	6.82
- Others	1.58	1.45
- Reimbursement of expenses		
Total	28.12	29.07

2.32.3 Details of expenses on corporate social responsibility activities

(a)

Does amount required to be spent by the Company during the year Rs. 227.42 lakhs (31.03.2024: Rs.228.02 lakhs) towards CSR compliance as per Companies Act.

(b)

Amount Unspent from previous years - Nil

(c)

Amount approved by the Board to be spent during the year- Rs. 227.42 lakhs (31.03.2024 - Rs.228.02 lakhs)

(d)

Amount spent during the financial year on:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	228.71	216.43
Total	228.71	216.43

(e) Details of excess CSR expenditure

Nature of Activity	Balance excess as at 31 April 2024	Amount required to be spent during the year	Amount spent during the year	Balance excess to be carried over as at 31 March 2025*
Agribusiness and infrastructure development assistance	-	227.42	228.71	-

* As per records filed with MCA.

(f) CSR Expenditure incurred with Related Parties

Name	Nature of Relationship	For the year ended March 31, 2025	For the year ended March 31, 2024
Twenty 20 Kizhakkambalam Association	Enterprises owned or significantly influenced by key management personnel or their relatives	227.60	615.00

2.33 Earnings per equity share

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit for the year	15,264.23	8,219.77
Weighted average number of equity shares of Rs. 1/- each (July period)	188,592,000	188,592,000
Earnings per equity share - Basic & Diluted in Rs. (After Note 2.13.4)	7.87	4.42

2.34 Segment Reporting

The Company's operations predominantly relate to one operating segment i.e. Textile - Infant / Kids Apparel manufacturing. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as one operating segment. Hence, no separate segment information has been furnished herewith.

2.34.1 Information about products and services: The Company earns revenue from only a single group of product and service viz. Textile business comprising of sale of garments and fabric products / services.

2.34.2 Information regarding geographical revenue is as follows:

Revenue from external customers	For the year ended March 31, 2025	For the year ended March 31, 2024
India	13,621.18	12,264.81
Outside India		
- The United States (US)	62,608.28	39,109.22
- Others	13,421.08	8,143.54
Total of products	89,650.54	61,517.57

2.34.3 All non-current assets of the Company are located in India.

2.34.4 The following table gives details in respect of percentage of revenue generated from the top customer and revenue from transactions with customers amounting to more than 10 percent or more of the Company's revenue.

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
No of customers who contribute to more than 10 percent of the Company's revenue	2	3
Revenue from top customer	61,680.82	30,121.12
Revenue from customers contributing to more than 10 percent of the Company's revenue	75,892.45	52,268.69



2.35 Fair Value Measurement

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

There were no transfers between Level 1 and Level 2 during the year.

Fair value hierarchy of financial instruments measured at fair value on a reporting date is as follows:

Particulars	Fair value hierarchy/Level	As at	As at
		March 31, 2023	March 31, 2024
Financial assets measured at fair value through other comprehensive income			
Investments in equity shares - Quoted	1	8.73	8.71

There have been no transfers between levels during the period.

Category wise classification of financial instruments is as follows:

Particulars	See note	As at	As at
		March 31, 2023	March 31, 2024
Financial assets measured at fair value through other comprehensive income			
Investments in equity shares - Quoted	2.02	8.73	8.71
Financial assets measured at amortised cost			
Non-current			
(i) Security deposits	2.04	220.90	224.83
(ii) Loans to wholly owned subsidiaries	2.04	10,694.77	10,548.94
Current			
(i) Trade receivables	2.05	33,983.02	20,401.29
(ii) Cash and cash equivalents	2.05	3,927.05	4,644.82
(iii) Bank balances other than (i) above	2.10	2,075.33	1,943.17
(iv) Other financial assets	2.11	3,912.91	2,920.85
(v) Interest receivable on loans to wholly owned subsidiaries	2.11	777.38	678.70
Financial assets measured at cost			
Non-current			
(i) Investments in equity shares - Unquoted	2.02	45,747.34	31,139.94
		108,735.56	76,380.88
Financial Liabilities measured at amortised cost			
Current			
(i) Borrowings	2.14	16,250.50	7,652.19
(ii) Trade payables	2.20	7,344.26	8,240.22
(iii) Other financial liabilities	2.21	278.53	947.44
Non-current			
(i) Other financial liabilities	2.15	-	910.53
		21,869.47	14,385.38

2.36 Financial Risk Management - Objectives and Policies

The Company has a well managed risk management framework, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as liquidity risk, market risk, credit risk and foreign currency risk) that may arise as a consequence of its business operations as well as its investing and financing activities.

i) Liquidity risk

Liquidity risk is the risk that the Company will encounter due to difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Maturities of financial liabilities	Less than			Total
	1 year	1 year to 5 years	More than 5 years	
As at March 31, 2023				
Borrowings	18,250.50	-	-	18,250.50
Trade payables	7,344.26	87.33	-	7,431.59
Other financial liabilities (current)	278.53	-	-	278.53
Other financial liabilities (non-current)	-	-	-	-
Maturities of financial liabilities				
As at March 31, 2024				
Borrowings	7,652.19	-	-	7,652.19
Trade payable	8,240.22	10.41	-	8,250.63
Other financial liabilities (current)	947.44	-	-	947.44
Other financial liabilities (non-current)	-	775.94	144.56	920.50

ii) Market risk

As the Company is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

iii) Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollars) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, are also subject to revaluation risk.



i) The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Assets		
USD	403.17	267.38
JPY	0.08	-
HKD	0.01	0.03
EUR	0.00	0.01
Liabilities		
EUR	0.91	1.73
USD	34.38	10.54
GBP	0.28	0.28

ii) Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 1% increase and decrease in the rates against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant.

Particulars	Impact in statement of profit and loss for 1% change	Impact in statement of profit and loss for 1% change
	March 31, 2025	March 31, 2024
Sensitivity		
INR/USD (Net receivable)	356.39	-238.13
INR/EUR (Net payable)	5.28	1.58
INR/GBP (Net Payable)	0.20	0.28
INR/HKD (Net payable)	0.00	-

b) Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of the loans and borrowings effected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Variable rate instruments		
Financial liability - Loans repayable on demand from banks	14,290.00	7,602.19
Financial liability	14,290.00	7,602.19

Cash flow sensitivity for variable rate instruments

Particulars	Impact on Profit or (Loss)	
	March 31, 2025	March 31, 2024
Sensitivity		
50 BPS increase in rate	81.25	35.28
50 BPS decrease in rate	(81.25)	(35.28)

3) Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers (including related parties) to which the Company grants credit terms in the normal course of the business.

Movement in expected credit loss allowance on trade receivables	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	300.00	-
Loss allowance measured at lifetime expected credit losses		
Loss allowance Provided during the year	1,200.00	300.00
Balance at the end of the year	1,500.00	300.00

3.17 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

As at March 31, 2025, the Company has only one class of equity shares and is wholly debt-free. The company is not subject to any externally imposed capital requirements.

Particulars	As at March 31, 2025	As at March 31, 2024
Equity attributable to share holders	110,502.02	98,370.48
Borrowings	14,290.00	7,602.19
Less: Cash and cash equivalents	3,027.40	4,665.90
Net debt	12,743.00	3,006.27
Total capital (equity + debt)	123,305.92	104,306.72
Net debt to capital ratio	8.90%	9.00%



2.36 Related Party Disclosures

Disclosure of transactions with related parties as required by Ind AS 24 - Related Party Disclosures for the year ended March 31, 2025

2.36.1 List of related parties**A Key managerial personnel**

- (i) Mr. Sabu M Jacob, Managing Director
- (ii) Ms. Sindhu Chandrasekhar, Whole Time Director
- (iii) Mr. Bobby Michael, Chief Financial Officer
- (iv) Ms. Dayana Joseph, Company secretary

B Enterprise owned or significantly influenced by key management personnel or their relatives

- (i) KiteX Childrenswear Limited
- (ii) KiteX Limited
- (iii) Anna Aluminium Company Private Limited
- (iv) Scoobie Day Garments (India) Limited
- (v) Anna Aluminium Vessels
- (vi) KiteX Herbals Limited
- (vii) KiteX Building Systems (earlier KiteX Apparels Limited)
- (viii) KiteX Infanwear Limited
- (ix) Twenty 25 Kizhakkambalam Association
- (x) KiteX Building Systems LLC
- (xi) Sara Spices Private Limited

C Associate enterprise

- (i) KiteX USA LLC

D Wholly owned subsidiary companies

- (i) KiteX Lingerie Limited
- (ii) KiteX Kidswear Limited
- (iii) KiteX Kids Limited
- (iv) KiteX Socks Limited
- (v) KiteX Pads Limited
- (vi) KiteX Babywear Limited

E Subsidiary

- KiteX Apparel Pads Limited

2.36.2 The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

A	For the year ended March 31, 2025	For the year ended March 31, 2024
A Enterprises owned or significantly influenced by key management personnel or their relatives		
(i) KiteX Childrenswear Limited		
Revenue from sale of goods and services (including expenses recovered)	10,625.92	10,244.27
Purchases of goods and services (including reimbursements)	3,282.35	3,819.43
(ii) KiteX Limited		
Revenue from sale of goods and services (including expenses recovered)	824.85	100.49
Purchases of goods and services (including reimbursements)	7,649.75	81.21
(iii) Anna Aluminium Company Private Limited		
Revenue from sale of goods and services (including expenses recovered)	0.78	0.80
Purchases of goods and services (including reimbursements)	0.12	1.32
(iv) Anna Aluminium Vessels		
Purchases of goods and services (including reimbursements)	0.03	-
(v) Sara Spices Private Limited		
Purchases of goods and services (including reimbursements)	31.28	83.88
(vi) Scoobie Day Garments (India) Limited		
Revenue from sale of goods and services (including exp. recovered)	1,841.23	-
Purchases of goods and services (including reimbursements)	2,832.53	-
(vii) Twenty 25 Kizhakkambalam Association		
Donation paid	285.00	515.00

B	For the year ended March 31, 2025	For the year ended March 31, 2024
Key management personnel		
(i) Mr. Sabu M Jacob		
Remuneration paid	1,899.67	498.27
(ii) Ms. Sindhu Chandrasekhar		
Remuneration paid	25.45	25.22
(iii) Mr. Bobby Michael		
Remuneration paid	46.37	46.33
(iv) Ms. Dayana Joseph		
Remuneration paid	15.08	7.25
C Associate enterprise		
(i) KiteX USA LLC		
Sale of ready-made garments	1,395.85	1,371.55
Sales commission paid	1,870.15	978.43



B	Subsidiary companies	For the year ended March 31, 2025	For the year ended March 31, 2024
(i)	Kitee Lifestyle Limited Loan given (refunded) Rent income (excluding taxes) Interest income	26.06 1.20 324.51	1.85 1.20 27.26
(ii)	Kitee Kidswear Limited Loan given (refunded) Rent income (excluding taxes) Interest income	16.70 1.20 178.65	1.86 1.20 95.06
(iii)	Kitee Kids Limited Loan given Rent income (excluding taxes) Interest income	20.55 1.20 204.62	1.84 1.20 10.30
(iv)	Kitee Socks Limited Loan given Rent income (excluding taxes) Interest income	6.94 1.20 63.89	1.80 1.20 5.34
(v)	Kitee Packs Limited Loan given Rent income (excluding taxes) Interest income	7.20 1.20 62.59	1.81 1.20 6.56
(vi)	Kitee Babywear Limited Loan given (refunded) Rent income (excluding taxes) Interest income	4.84 1.20 38.30	1.81 1.20 3.23
(vii)	Kitee Apparel Parks Limited Investment Revenue from Sale of goods and services (including exp recovered) Income for Bank Guarantee Guarantee Inland Advance Receivable (paid)	13,362.80 - 414.63 533.45 - -	1,901.70 - - - 1,902.94 0.03

2.28.2 Outstanding amounts carried in the balance sheet as at March 31, 2025:

A Enterprises owned or significantly influenced by key management personnel or their relatives:

	Name of related party	As at March 31, 2025	As at March 31, 2024
(i)	Kitee Childrenswear Limited Trade receivables	603.54	4,586.48
(ii)	Kitee Limited Trade receivables Trade payables	2.44	1.58
(iii)	Anna Aluminium Company Private Limited Advance to Suppliers Trade payables	6.79 -	- -
(iv)	Sare Spices Private Limited Trade payables	1.86	5.83
(v)	Scorebee Day Garments (India) Limited Advance to Suppliers	39.80	-

B Key management personnel:

	Name of related party	As at March 31, 2025	As at March 31, 2024
(i)	Mr. Babu M Jacob Remuneration payable	366.67	393.27
(ii)	Ms. Sneha Chandrasekhar Remuneration payable	2.45	1.86

C Associate enterprises:

	Name of related party	As at March 31, 2025	As at March 31, 2024
(i)	Kitee USA LLC Trade receivables Kitee USA LLC Trade Payable Net carrying value of investment	12,277.57 1,856.03 3,776.24	10,205.13 780.64 3,776.24

D Investment in wholly owned subsidiaries (Refer Note 2.82 for investment schedule)

	Name of related party	As at March 31, 2025	As at March 31, 2024
	Kitee Lifestyle Limited	100.00	100.00
	Kitee Kidswear Limited	100.00	100.00
	Kitee Kids Limited	10.00	10.00
	Kitee Socks Limited	10.00	10.00
	Kitee Packs Limited	10.00	10.00
	Kitee Babywear Limited	10.00	10.00



4 Unsecured loan receivables from wholly owned subsidiaries (Refer Note 2.63.1 for payment in terms of days)

Name of related party	As at	
	March 31, 2023	March 31, 2024
KiteX Limited	2,394.10	2,395.22
KiteX Overseas Limited	2,389.87	2,394.17
KiteX India Limited	2,418.51	2,406.49
KiteX Sports Limited	171.86	179.36
KiteX Fashion Limited	171.71	172.88
KiteX Apparel Limited	472.88	467.45

5 Interest bearing receivables being government bond yield rate on loan to a wholly owned subsidiaries

Name of related party	As at	
	March 31, 2023	March 31, 2024
KiteX Overseas Limited	242.24	249.29
KiteX Limited	111.88	105.58
KiteX India Limited	385.18	375.47
KiteX Lanka Limited	55.78	48.53
KiteX Fashion Limited	54.11	58.29
KiteX Apparel Limited	34.47	28.20

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

6 Subsidiary - KiteX Apparel Parks Limited

Name of related party	As at	
	March 31, 2023	March 31, 2024
Guarantee issued	-	1,136.29
Investment in subsidiary including IV of investment	42,451.20	42,249.93
Corporate Guarantee given to banks for loans taken for a subsidiary company	50,859.25	42,686.19
KiteX Apparel parks limited for setting up of manufacturing facility	-	-
Prepaid	825.88	-
Debtors	-	8.33

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

2.18 From the current financial year, Company have stopped entering forward contracts to hedge foreign currency exposures.

2.19.1 The particulars of an interest term as at Balance Sheet date is as under:

Particulars	As at March 31, 2023		As at March 31, 2024	
	Foreign Currency	INR	Foreign Currency	INR
Amount				
EUR		0.28	-	0.27
USD	443.17	37,807.83	597.36	24,755.43
INR	0.01	8.11	1009	9.89
Landline				
EUR	0.41	0.08	1.71	155.17
USD	34.20	2,897.34	70.24	808.58
INR	0.20	28.88	0.28	28.88

2.40 Lease Accounting

Operating Lease

Office premises are leased on operating lease. The lease term is renewable every year at the option of the Company. There is no escalation clause in the lease agreements. All of the relevant lease agreements entered by the Company are for term less than one year. Hence, Company have opted for the exemption from the requirements of IFRS 16. There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	As at	
	March 31, 2023	March 31, 2024
Amount charged to statement of profit and loss account during the year		
Plant for premises	126.91	24.78
Plant for equipment	21.88	27.20
Total	148.79	51.98

2.41 The details of provisions, contingent liabilities and contingent assets are as required under the AS 17 - Provisions, Contingent Liabilities and Contingent Assets for the year ended March 31, 2024.

2.42.1 Contingent liabilities and provided for:

Particulars	As at	
	March 31, 2023	March 31, 2024
1. Cases against the Company not acknowledged as debt being current liability against the Company, disputed on Appeal before various Appellate authorities		
(i) Income tax case (Final order passed before Rs. 100 Cr. value)	1,207.58	215.21
(ii) IT 20 2024 Rs. 100 Cr. value	2,113.57	2,049.04
2. Bank guarantees		
(i) Guarantee given to bank for loans taken by a subsidiary company KiteX Apparel Parks Limited for setting up of manufacturing facility	40,859.25	42,686.19



2.4.12 The above revenues are declared by the Directors and matters pending in court before appellate authorities in various stages. In the opinion of the management and based on legal advice received the company is hopeful of getting full relief and hence no provision has been made therefor.

2.4.13 The Company has sustained capital losses under Equity Preference Capital Goods losses against which the Company has an expect collection of six times of such period. Contingent liability, to the extent of such period in respect of EPFG is 6% of 1% (Rs 77.85 Lakhs). The extent collection to be fulfilled as per terms is upto six times from date of issue of EPFG shares.

2.41 Reconciliation

Rate	Rs at March 31, 2021	Rs at March 31, 2022	Variance	Reason
34 Current Ratio (Basis): (Total Current Assets/Current liabilities) (Current Assets: Inventories + Trade Receivable + Cash & bank balances + Other Current Assets) (Current liabilities: Short-term borrowings + Trade Payables + Other Current liability + Current tax (payable) + Provisions + Other Current Liability)	1.17	1.21	17%	17% increase in current ratio is due to the working capital management measures due to development of existing surplus funds for strategic investment resulting in reduction of Current ratio.
35 Debt-Equity Ratio (Basis): (Debt/Equity) (Debt: Short-term borrowings + Cash and bank equivalents) (Equity: Equity share capital + Other equity)	NA	NA/NA	NA/NA	
36 Debt Service Coverage Ratio (Basis): (EBIT/Debt Service Charges + Scheduled principal payments of long-term borrowings) (EBIT: Profit before tax + (-) Exceptional items + Non-financial charges) (Debt Service Charges: Finance costs including interest on current borrowings + Interest income + Current income from current investments - tax paid/accrued on tax of current investments)	NA	NA/NA	NA/NA	
37 Return on Equity Ratio (%) (Profit after tax (PAT)/Average Equity) (Equity: Equity share capital + Other equity)	14.75%	7.47%	100%	There has been decrease in profit during the year in the net increased operations and costs. Further there has been increase in equity due to issue of bonus shares and share capital has increased to 3 times the previous year 2021.
38 Inventory turnover ratio (Basis): (Average inventory cost of materials consumed / changes in inventory of finished goods, work in progress per day)	101.75	107.01	24%	24% increase in turnover ratio has improved during the year, which is in line with improved sales and better inventory management. Continued inventory effect has increased in the year due to its preparation in the year 2020.
39 Trade Receivable turnover ratio (Basis): (Average trade receivable/turnover per day) (Turnover: Revenue from operations)	118.08	110.87	10%	
40 Trade payable turnover ratio (Basis): (Average Trade Payables / Cost of materials consumed / Changes in inventory of finished goods, work in progress/360) (Average Trade Payables: Payable Trade Payables + Closing Trade Payables)	81.48	87.26	10%	
41 Net capital turnover ratio (Basis): (Average working capital/turnover per day) (Working capital: Current assets - Current liabilities) (Turnover: Revenue from operations)	111	100	10%	10% Net capital turnover ratio has improved as turnover has increased around 50% in the current year.
42 Net profit ratio (%) (Net profit after tax/turnover) (Turnover: Revenue from operations)	19.95%	19.54%	4%	4% Revenue has increased around 10% due to operation and has not resulted in proportionate increase. Better cost management and improvement in operations contributed to increase in NP ratio.
43 Return on Capital employed (%) (EBIT / Capital Employed) (Capital Employed: Total Assets - Current liabilities) (EBIT: Profit before tax, net of exceptional items & non-financial charges) (The ratio is calculated along with the 100 days working)	18.74%	9.34%	117%	117% EBIT has increased in line with sales, whereas the investment in capital employed in equity preference resulting in better return on capital employed.

2.44 Capital & Other Commitments
Estimated amount of amount remaining to be executed in capital account (net of advances) Rs. 77.87 lakhs (31.03.2022: Rs. 78.89 lakhs).

2.45 In the opinion of the Directors, short term loans and advances and other current assets, have the value at which they are stated in the balance sheet, if realized in the ordinary course of business.

2.46 Dividend payment
Dividends declared by the Company are based on the profit available for distribution. Distribution of dividends out of retained earnings is subject to applicable provisions as contained in the Companies Act, 2013. Board of Directors of the Company have proposed a final dividend of Rs 2.50 per share in respect of the year ended March 31, 2022 subject to the approval of shareholders at the Annual General Meeting. The proposal if approved, would result in a cash outflow of approximately Rs 97.91 Lakhs.

2.48 Note on Ultimate Beneficiaries
No funds have been advanced or loaned or invested (other than secured loans) or made (other than in the form of loans) by the Company to or in any other person(s) or entities, including foreign entities (intermediaries) with the understanding, whether recorded in writing or otherwise, that the intermediary shall act or come to party benefited by or on behalf of the Company (Ultimate Beneficiaries).
The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



2.47 Note on Audit Trail

The Company has used tax accounting software for maintaining its books of account which has a feature of recording audit trail (audit log) facility and has been operated throughout the year for all relevant transactions recorded in the software and same has not been tampered with except:

- > for one of the software the database is maintained by third party service provider and in absence of independent auditors report, management is unaware whether audit trail feature is enabled in database maintained by the third party.
- > for one of software audit trail feature was not enabled for FY 2024-25.

Additionally, the audit trail of prior years has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in previous years.

2.48 Other Disclosures

- (A) Relationship with Stock off Companies under section 248 of the Companies Act, 2013 or section 605 of Companies Act, 1956 - The Company does not have any transactions or relationships with any stock off Companies.
- (B) Details of Benami Property held - The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
- (C) Undisclosed Income - The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year / previous year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (D) Registration of charges or satisfaction with Register of Companies - The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (E) Details of Crypto Currency or Virtual Currency - The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (F) Pursuant to the meeting of Board of Directors held on February 14, 2025, approval was granted for the Scheme of Arrangement between Kites Childcare Limited (KCL) and the Company and their respective shareholders and creditors, in compliance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, providing for takeover of taxable business of KCL into the Company, which will be given effect on obtaining the necessary regulatory approvals.
- (G) The Code on Social Security 2020 - The Code on Social Security 2020 (the Code) relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 15, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.
- (H) Compliance with number of layers of companies - The Company has complied with the number of layers prescribed under clause (BT) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

2.49 Previous year figures, unless otherwise stated are given within brackets and have been re-grouped and re-ord where necessary to be in conformity with current year's disclosure.

As per our report of even date attached


For M R K A & Associates
Chartered Accountants
Firm Registration No. 108047W

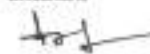

Deepthi Jayakumar
Partner
Membership No: 829405




Place: Chennai
Date: June 23, 2025


For and on behalf of the Board of Directors of
Kites Garments Limited
CIN: L18160KL1900PL000258


Sanku W Jacob
Chairman &
Managing Director
DIN:02646016


Baby Michael
Chief Financial Officer

Place: Kizhakkambalam
Date: June 23, 2025


Sindha Chandrasekharan
Whole-time Director
DIN:05434115


Durgada Joseph
Company Secretary
ICSI M No. AB1808



Kitex Garments Limited
Provisional Standalone Balance Sheet as at September 30, 2025

Sl No.	Particulars	Note No.	(All amounts are stated in lakhs unless stated otherwise)	
			As at September 30, 2025	As at March 31, 2025
I ASSETS				
1 Non-current assets				
	(a) Property, plant and equipment	2.01A	9,716.25	10,153.21
	(b) Capital work-in-progress	2.01B	3,762.15	3,440.81
	(c) Other intangible assets	2.01C	3.37	1.85
	(d) Intangible assets under development	2.01D	-	-
	(e) Financial assets			
	(a) Investment in subsidiaries	2.02	42,671.53	42,671.53
	(b) Investments in Associate	2.02	2,776.24	2,776.24
	(c) Other investments	2.02	7.90	6.73
	(f) Loan	2.03	10,927.71	10,634.77
	(g) Other financial assets	2.04	266.01	228.96
	(f) Non-current tax assets	2.05	248.91	248.91
	(g) Deferred Tax Assets (Net)	2.17	221.33	437.14
	(h) Other non-current assets	2.06	378.59	544.95
2 Current assets				
	(a) Inventories	2.07	18,242.57	18,949.15
	(b) Financial assets			
	(i) Trade receivables	2.08	16,780.27	30,933.52
	(ii) Cash and cash equivalents	2.09	7,777.58	3,937.60
	(iii) Bank balances other than (ii) above	2.10	3,798.27	2,675.35
	(iv) Other financial assets	2.11	22,398.40	4,089.89
	(c) Other current assets	2.12	5,057.75	4,574.40
TOTAL ASSETS			144,978.23	139,395.21
II EQUITY AND LIABILITIES				
1 Equity				
	(a) Equity share capital	2.13	1,995.00	1,995.00
	(b) Other equity	2.14	111,283.53	106,507.82
Liabilities				
2 Non-current liabilities				
	(a) Financial liabilities	2.15	-	-
	(b) Provisions	2.16	1,233.27	1,168.96
	(c) Deferred tax liabilities (net)	2.17	-	-
	(d) Other non-current liabilities	2.18	71.97	77.59
3 Current liabilities				
	(a) Financial liabilities			
	(i) Borrowings	2.19	20,582.37	16,250.80
	(ii) Trade payables	2.20		
	- Total outstanding dues to Micro Enterprises and Small Enterprises		124.31	377.89
	- Total outstanding dues to creditors other than Micro Enterprises and Small Enterprises		5,215.76	6,988.40
	(iii) Other financial liabilities	2.21	1,267.58	278.53
	(b) Provisions	2.22	480.27	454.31
	(c) Current tax liabilities (net)	2.23	2,530.03	2,955.97
	(d) Other current liabilities	2.24	242.24	282.14
TOTAL EQUITY AND LIABILITIES			144,978.23	139,395.22



For and on behalf of the Board of Directors of
Kitex Garments Limited
CIN: L18101KL1992PLC006256

C P Philpote
Director
DIN: 01125157

Sirithu Chandrasekharan
Director
DIN: 05434415

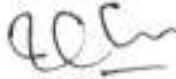
Place: Kizhakkambalam
Date: December 17, 2025

Kitex Garments Limited

Provisional Standalone Statement of Profit and Loss for the period ended September 30, 2025

Sl No.	Particulars	(All amounts are stated in lakhs unless stated otherwise)		
		Note No.	For the year ended September 30, 2025	For the year ended March 31, 2025
I	INCOME:			
	(a) Revenue from operations	2.25	31,679.11	98,280.46
	(b) Other income	2.27	2,086.30	3,090.96
	Total income		33,765.41	101,371.42
II	EXPENSES:			
	(a) Cost of materials consumed	2.28	13,791.53	43,904.14
	(b) Changes in inventories of finished goods, and work-in-progress	2.29	1,127.67	(1,679.53)
	(c) Employee benefits expense	2.30	7,140.15	15,833.66
	(d) Finance costs	2.31	758.50	1,401.72
	(e) Depreciation and amortization expense	2.32	624.87	1,571.67
	(f) Other expenses	2.33	7,088.93	20,214.82
	Total Expenses		36,341.54	61,266.47
III	Profit before tax (I - II)		3,223.87	20,674.94
	Exceptional items		1,750.00	-
	Profit before taxes for the period/year		4,973.87	20,674.94
IV	Tax expense:			
	(a) Current tax		1,066.00	6,065.60
	(b) Deferred tax		215.51	(686.00)
			1,281.51	5,379.61
V	Profit for the year (III - IV)		3,692.36	15,295.33
VI	Other comprehensive income			
A	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of post employment benefit obligations		0.30	(45.36)
	(ii) Fair value changes on Equity Instruments carried through other Comprehensive income		1.17	(1.96)
	(iii) Income tax relating to items that will not be reclassified to profit or loss		(0.29)	11.91
VII	Total Comprehensive Income for the year (V+VI) (Comprising Profit and Other Comprehensive Income for the year)		3,693.24	15,259.99
VIII	Earnings per equity share (Fair value of Rs.1 each) Basic & Diluted in Rs.	2.34	1.65	7.65

For and on behalf of the Board of Directors of
Kitex Garments Limited
CIN: L18101KL1992PLC000258


C P Philipose
Director
DIN: 01125157


Sindhu Ghandrasekharan
Director
DIN: 06434415

Place: Kuzhakkambalam
Date: December 17, 2025





Kitex Garments Limited
Provisional Standalone Cash Flow Statement for the period ended September 30, 2025

(All amounts are stated in lakhs, unless stated otherwise)

Sl No. Particulars	For the year ended September 30, 2025	For the year ended September 30, 2025
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation	4,073.87	9,300.98
Adjustments for:		
Depreciation/Amortisation	624.69	891.19
Unrealised foreign exchange (gain)/loss-net	(1,171.24)	(295.14)
Reversal of provision for expected credit loss	(1,759.00)	-
Interest income	(497.76)	(188.57)
Deferred Grant income	(338.06)	(188.60)
Loss/(profit) on sale of assets-net	-	(7.27)
Provision for expected credit loss	698.60	600.00
Interest expense	768.59	550.49
Operating profit before working capital changes	<u>3,298.78</u>	<u>10,761.59</u>
Adjustments for:		
Trade and other receivables	1,685.45	(8,357.77)
Inventories	796.59	(5,339.58)
Trade, other payables and provisions	(2,013.85)	3,788.82
Cash generated from operations	<u>3,676.98</u>	<u>1,852.58</u>
Direct taxes paid (net of refunds)	(1,321.94)	(1,424.48)
Cash from operating activities	<u>2,355.02</u>	<u>428.10</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(493.77)	(566.95)
Proceeds from sale of property, plant and equipments	-	11.36
Bank balances not considered as Cash and cash equivalents	(1,062.92)	(510.92)
Purchase of investments	-	(5,402.22)
Interest received	76.77	71.66
Advances to wholly owned subsidiaries	(292.95)	(595.36)
Net cash generated / (used) in investing activities	<u>(1,772.87)</u>	<u>(8,192.43)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Bank borrowings	4,331.66	5,545.23
Interest paid	(768.59)	(982.73)
Dividend/dividend distribution tax paid	(7.04)	(6.88)
Net cash generated from / (used) in financing activities	<u>3,555.03</u>	<u>4,555.62</u>
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	<u>3,138.19</u>	<u>(2,908.71)</u>
Effect of Unrealised foreign exchange (gain) / loss	361.79	5.97
Cash and cash equivalents at the beginning of the year	3,507.60	4,545.92
Cash and cash equivalents at the end of the year	<u>7,777.58</u>	<u>1,743.18</u>
Net Increase/(decrease) in cash and cash equivalents	<u>3,138.19</u>	<u>(2,908.71)</u>

For and on behalf of the Board of Directors of
Kitex Garments Limited
CIN: L18101KL1992PLC006258


C P Philipose
Director
DIN: 01125157


Sridhar Chandrasekharan
Director
DIN: 06434415

Place: Kizhakkambalam
Date: December 17, 2025



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2.00 Notes on Accounts
2.01A Property, Plant and Equipment

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2024	Additions during the year	Disposal/ Adjustments	As at 30.09.2025	As at 01.04.2024	During the Year	As at 30.09.2025	As at 30.09.2025	As at 31.03.2025
Freehold Land	492.83	-	-	492.83	-	-	-	492.83	-
Buildings	6,850.24	11.94	-	6,862.17	1,944.62	1,26.72	2,071.34	4,790.84	4,905.62
Plant and Equipment	15,157.87	18.32	-	15,176.20	14,838.72	4,30.56	15,269.27	1,906.92	4,119.16
Furniture and Fixtures	236.43	-	-	236.41	213.34	4.18	217.52	18.89	22.07
Motor Vehicles	646.09	-	-	646.09	509.08	24.06	533.14	113.54	137.61
Office Equipments	603.00	2.69	-	605.69	585.89	4.63	590.52	15.18	17.11
Computer	661.42	11.48	-	672.90	634.43	6.86	641.29	31.61	27.00
Electrical Equipments	627.00	142.46	-	769.46	396.18	26.84	423.02	346.64	235.82
Total	29,275	187	-	29,462	19,122	623.9	19,746	9,716.25	10,028.75

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2024	Additions during the year	Disposal/ Adjustments	As at 31.03.2025	As at 01.04.2024	During the Year	As at 31.03.2025	As at 31.03.2025	As at 31.03.2025
Freehold Land	492.83	-	-	492.83	-	-	-	492.83	-
Building	6,800.24	287.23	316.25	7,383.72	1,692.28	252.34	1,944.62	5,439.10	5,157.98
Plant & Machinery	15,157.87	0.64	-	15,158.51	13,973.03	266.83	14,896.79	2,261.72	5,243.87
Furniture & Fixtures	236.72	-	-	236.41	186.77	14.57	213.34	23.07	38.96
Motor Vehicles	637.79	35.31	26.42	700.52	474.05	66.75	609.08	91.44	163.14
Office Equipments	598.78	8.23	-	607.01	558.86	29.03	585.89	21.11	38.60
Computers	628.04	23.38	-	651.42	624.59	9.44	634.43	17.00	13.05
Electrical Equipments	610.06	78.34	-	688.40	266.45	39.65	306.10	230.60	263.56
Total	26,278.25	339.77	342.67	26,958.46	17,877.07	562.15	18,189.74	10,100.21	11,401.25

2.01B Capital work-in-progress

Particulars	Gross Block (in crore)		
	Balance as at 01.04.2024	Additions	Disposals / debits
Building under construction	3,209.51	458.71	-
Plant and Equipment under installation	231.30	7.52	144.90
Total	3,440.81	466.23	144.90
			3,762.14

Note Rs.0.00(Rs.33,20,433/-) of borrowing cost has been transferred to capital work-in-progress which pertains to qualified assets under construction.

Particulars	Gross Block (in crore)		
	Balance as at 01.04.2024	Additions	Disposals / debits
Building under construction	2,523.64	806.87	-
Plant and Equipment under installation	102.30	300.44	191.48
Total	2,625.94	1,107.31	191.48
			3,440.81

2.01 C - Other Intangible assets

Particulars	GROSS BLOCK			AMORTIZATION			NET BLOCK		
	As at 01.04.2024	Additions during the year	Disposal/ Adjustments	As at 30.09.2025	As at 01.04.2024	During the Year	As at 30.09.2025	As at 30.09.2025	As at 31.03.2025
Computer software	287.14	2.05	-	289.19	285.49	0.84	286.33	3.27	1.83
Total	287.14	2.05	-	289.19	285.49	0.84	286.33	3.27	1.83

Particulars	GROSS BLOCK			AMORTIZATION			NET BLOCK		
	As at 01.04.2024	Additions during the year	Disposal/ Adjustments	As at 31.03.2025	As at 01.04.2024	During the Year	As at 31.03.2025	As at 31.03.2025	As at 31.03.2025
Computer software	287.14	-	-	287.14	281.13	4.38	285.49	1.83	6.01
Total	287.14	-	-	287.14	281.13	4.38	285.49	1.83	6.01



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KiteX Garments Limited

Notes forming part of the Provisional Financial Standalone Financial Statements for the period ended September 30, 2025

(All amounts are stated in lakhs unless stated otherwise)

2.02 Investments (Non-current)

Particulars	As at September 30, 2025	As at March 31, 2025
Unquoted (Trade):		
Investments carried at cost		
Investments in Equity Instruments of Associate Company		
4,060,210.09 (1,750,210.09) Fully paid up Membership units of USD 1 each in KiteX USA LLC	2,776.24	2,776.24
Investments in Equity Instruments of Subsidiaries		
1,00,000 Equity Shares of Rs.10/- each in KiteX Kidswear Limited	100.00	100.00
1,00,000 Equity Shares of Rs.10/- each in KiteX Kids Limited	10.00	10.00
1,00,000 Equity Shares of Rs.10/- each in KiteX Babywear Limited	10.00	10.00
10,00,000 Equity Shares of Rs.10/- each in KiteX Lingerie Limited	100.00	100.00
1,00,000 Equity Shares of Rs.10/- each in KiteX Packs Limited	10.00	10.00
1,00,000 Equity Shares of Rs.10/- each in KiteX Socks Limited	10.00	10.00
2,677,500.00 Equity Shares of Rs.10/- each in KiteX Apparel Parks Limited	42,125.30	42,125.30
Ind As adjustment of KiteX Apparel Parks Investment	306.63	306.63
Quoted (Non Trade):		
Investments carried at fair value through other comprehensive income		
7,000 (7,000) Equity Shares of Rs 2 each in Punjab National Bank Limited, Fully Paid-up.	7.90	6.73
Total	45,498.07	45,494.96
Aggregate amount of unquoted investments	45,141.54	3,019.24
Aggregate amount of quoted investments and market value thereof. (The market value of quoted investments is equal to the carrying value)	7.90	6.73

2.03 Loans

Particulars	As at September 30, 2025	As at March 31, 2025
Unsecured, Considered Good		
Loans to subsidiaries	10,827.71	10,834.77
Total	10,827.71	10,834.77

2.04 Other Financial Assets (Non-current)

Particulars	As at September 30, 2025	As at March 31, 2025
Unsecured, Considered Good		
Security Deposit	266.01	228.96
Share Application Money	-	-
Interest receivable on loans to subsidiaries	-	-
Total	266.01	228.96

2.05 Non Current Tax Assets

Particulars	As at September 30, 2025	As at March 31, 2025
Income Tax (net)	248.91	248.91
Total	248.91	248.91

2.06 Other non-current assets

Particulars	As at September 30, 2025	As at March 31, 2025
Unsecured, Considered Good		
Capital Advances	123.90	219.90
Balances with Government Authorities	255.70	325.05
Total	379.59	544.95



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2.07 Inventories

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Raw materials (At Cost)	5,216.06	4,986.00
Raw materials in transit	93.15	66.16
Work-in-progress (At Cost)	9,772.87	12,577.70
Finished goods (See Note 2.06.1)	2,772.50	1,095.35
Stores and spares (At Cost)	337.13	223.93
Stores and spares in transit	50.86	-
Total	18,242.57	18,949.15

2.07.1 Method of Valuation of Inventories - See Note 1.6 of Significant Accounting Policies.

2.08 Trade Receivables

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Unsecured Considered Good	16,760	33,954
Unsecured Considered Doubtful	-	-
Total	16,760	33,954

2.09 Cash and Cash Equivalents

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Balances with banks - In Current Accounts	3,338.64	385.67
Balances with banks - In EFC Accounts	4,426.67	3,108.43
FD maturity less than 3 months	-	-
Cash on hand	12.27	12.58
Total	7,777.58	3,507.68

2.10 Bank balances other than Cash and Cash Equivalents

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Balance with Banks		
In Deposit Accounts (See Note 2.06.1)	2,700.46	2,608.00
Unpaid dividend accounts	1,057.80	67.26
Restricted balance with bank	-	-
Total	3,758.27	2,675.26

2.11 Other Financial Assets

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Unsecured, Considered Good		
Subsidy Receivable**	741.95	741.95
Export incentives receivable	1,363.23	2,427.68
Other Deposits	19,374.30	530.40
Rent Deposit	16.58	16.76
Interest receivable on margin money deposit	72.79	92.68
Interest receivable on loans to wholly owned subsidiaries	829.96	777.38
Foreign exchange forward contracts	-	-
Total	22,399.40	4,589.89

2.12 Other Current Assets

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Unsecured, Considered Good		
Advances receivable in cash or in kind or for value to be received	1,087.10	825.37
Balances with Government Authorities	3,625.79	3,682.87
Advances to staff	3.06	5.74
Prepaid Expenses	135.81	79.45
Export Entitlements/Rabata receivable on export	-	3.98
Total	5,057.75	4,574.49

2.13 Equity Share Capital:

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Authorised:		
2,500 lakhs Equity Shares of Rs. 1/- each	2,500.00	2,500.00
Issued, Subscribed and fully paid-up:		
685 lakhs Equity Shares of Rs. 1/- each	1,995.00	1,995.00
Total	1,995.00	1,995.00



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2.07 Inventories

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Raw materials (At Cost)	5,256.06	4,985.00
Raw materials in transit	93.15	66.16
Work-in-progress (At Cost)	9,772.87	12,577.70
Finished goods (See Note 2.06.1)	2,772.50	1,095.35
Stores and spares (At Cost)	337.13	223.93
Stores and spares in transit	50.81	-
Total	18,242.57	18,949.15

2.07.1 Method of Valuation of Inventories - See Note 1.8 of Significant Accounting Policies.

2.08 Trade Receivables

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Unsecured, Considered Good	16,760	33,954
Unsecured, Considered Doubtful	-	-
Total	16,760	33,954

2.09 Cash and Cash Equivalents

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Balances with banks - In Current Accounts	3,338.04	385.67
Balances with banks - In EFC Accounts	4,420.07	3,109.43
FD maturity less than 3 months	-	-
Cash on hand	12.27	12.56
Total	7,770.38	3,607.66

2.10 Bank balances other than Cash and Cash Equivalents

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Balances with Banks		
In Deposit Accounts (See Note 2.09.1)	2,700.45	2,606.00
Unpaid dividend accounts	1,657.80	87.35
Restricted balances with bank	-	-
Total	4,358.25	2,693.35

2.11 Other Financial Assets

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Unsecured, Considered Good		
Subsidy Receivable**	741.95	741.95
Export Incentive receivable	1,363.25	2,427.68
Other Deposits	19,374.30	530.43
Term Deposit	18.58	18.78
Interest receivable on margin money deposit	73.79	60.68
Interest receivable on loans to wholly owned subsidiaries	829.50	777.36
Foreign exchange forward contracts	-	-
Total	22,001.47	4,558.80

2.12 Other Current Assets

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received	1,087.10	905.37
Balances with Government Authorities	3,825.79	3,682.87
Advances to staff	9.08	5.74
Prepaid Expenses	135.61	73.45
Export Incentives/Rebate receivable on export	-	0.96
Total	5,057.58	4,678.40

2.13 Equity Share Capital

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Authorised:		
2,500 lakhs Equity Shares of Re. 1/- each	2,500.00	2,500.00
Issued, Subscribed and fully paid-up:		
995 lakhs Equity Shares of Re. 1/- each	1,995.00	1,995.00
Total	1,995.00	1,995.00

2.13.2 Reconciliation of shares at the beginning and at the end of the financial year

Particulars	As at		As at	
	September 30, 2025		March 31, 2025	
	No. of shares	Rupees	No. of shares	Rupees
No. of shares as at the beginning of the financial year	1,995	1,995.00	995	995.00
Issued during the year	-	-	1,000	1,395.80
No. of shares as at the end of the financial year	1,995	1,995.00	1,995	1,995



2.14 Other Equity

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Capital Reserve		
- Investment Subsidy	22.10	22.10
General Reserve		
Opening Balance	34,675.00	32,675.00
Add: Transfer from Retained Earnings	2,000.00	2,000.00
Closing Balance	36,675.00	34,675.00
Retained Earnings		
Opening Balance	73,863.38	62,929.01
Profit for the year	3,692.33	15,295.31
Less: Re-measurements of post employment benefit obligations (net of tax)	(0.29)	(33.44)
	77,555.42	78,190.88
Less:		
Transfer to General Reserve	2,000.00	2,000.00
Dividend	967.50	967.50
Issue of Bonus Shares	-	1,536.00
Closing Balance	74,587.92	73,662.38
Equity Instrument through Other Comprehensive Income		
Opening Balance	7.35	9.32
Add: Fair value changes on equity instruments carried through other comprehensive income	1.17	-1.98
Closing Balance	8.52	7.34
Total	111,263.53	106,567.82

2.15 Other Financial Liabilities

Particulars	Number	Amount (Rupees)
Fair value of Financial Guarantee provided to KiteX Apparel Parks Ltd	-	-
Closing Balance	-	-

2.16 Provisions

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Provision for Gratuity (See Note 2.14.2)	995.48	949.51
Provision for Compensated Absences (See Note 2.15.2)	237.79	222.44
Total	1,233	1,169

2.17 Deferred Tax Assets (Net)

Particulars	As at	As at
	September 30, 2025	March 31, 2025
A. Deferred Tax Liability		
On excess of net book value over income tax written down value of Property, Plant and Equipments	1,269.82	1,176.43
B. Deferred Tax Assets		
On Provisions	1,510.96	1,613.57
Deferred Tax Asset (Net) (A-B)	-221.33	-437.14

2.18 Other non-current Liabilities

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Deferred Grant	72	78
Total	71.97	77.99

2.19 Borrowings

Particulars	As at	As at
	September 30, 2025	March 31, 2025
Loans repayable on demand from banks (Secured)	20,582	16,251
Total	20,582	16,251



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2.20 Trade Payables

Particulars	As at September 30, 2025	As at March 31, 2025
Trade Payables		
(i) Total outstanding dues to Micro Enterprises and Small Enterprises	124	378
(ii) Total outstanding dues to creditors other than Micro Enterprises and Small Enterprises	1,652.37	6,966.40
(iii) Other payables	3,563.40	
Total	5,340.07	7,344.28

2.21 Other financial liabilities

Particulars	As at September 30, 2025	As at March 31, 2025
Creditors for Capital Goods	47.31	54.16
Retention Money	162.47	157.02
Current maturities of long term borrowings (see Note 2.14.1 and 2.14.2)	-	-
Unpaid Dividend	1,057.80	67.35
Forex forward contract margin receivable	-	-
Grants received in advance (see Note 2.20.1 below)	-	-
Interest Accrued on Borrowings	-	-
Total	1,267.58	278.53

2.22 Short-term provisions

Particulars	As at September 30, 2025	As at March 31, 2025
Provision for Gratuity [See Note 2.14.3]	326.35	310.33
Provision for Compensated Absences [See Note 2.14.2]	153.91	143.66
Other provision	-	-
Total	480.27	454.01

2.23 Current Tax Liabilities (Net)

Particulars	As at September 30, 2025	As at March 31, 2025
Provision for Income Tax (Net)	2,500.00	2,965.97
Total	2,500.00	2,965.97

2.24 Other Current Liabilities

Particulars	329.20363	310.3343
Statutory Dues	183.49	213
Deferred Grant	-	-
Advance from Customers other Creditors	58.75	68.67
Total	242.24	282.14

2.25 Current Tax Liabilities (Net)

Particulars	As at September 30, 2025	As at March 31, 2025
Provision for Income Tax (Net)	-	-
Total	-	-

2.26 Revenue from operations

Particulars	For the year ended September 30, 2025	For the year ended March 31, 2025
Sale of products	29,448.68	90,958.43
	29,448.68	90,958.43
Other operating revenues:		
Export entitlements	1,405.20	4,960.31
Job work charges	526.61	1,236.05
Scrap sales	259.96	1,006.76
Others	8.65	121.88
	2,200.42	7,322.03
Revenue from operations	31,679.11	98,280.46



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2.27 Other Income

Particulars	For the year ended September 30, 2025	For the year ended March 31, 2025
Interest Income	497.76	1,075.40
Dividend Received	0.20	0.11
Rent Received	20.11	40.21
Net gain on foreign currency transactions and translations	1,215.17	1,541.13
Deferred Grant Income	5.62	49.70
Provision no longer required written back (See Note 2.07A)	-	-
Gain on sale of Property, plant and equipment (net)	-	954.42
Other Miscellaneous Income	347.44	-
Exceptional Items	1,750.00	-
Total	3,836.30	3,660.96

2.28 Cost of materials consumed

Particulars	For the year ended September 30, 2025	For the year ended March 31, 2025
Opening inventory	5,052.16	3,990.50
Add: Purchases	14,048.58	44,985.80
Less: Closing inventory	5,309.21	5,052.16
Total	13,791.53	43,924.14

2.29 Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended September 30, 2025	For the year ended March 31, 2025
Opening inventory:		
Finished goods:	1,065.35	1,745.11
Work-in-progress:	12,577.70	10,248.42
	13,643.05	11,993.53
Closing inventory:		
Finished goods:	2,772.51	1,095.36
Work-in-progress:	9,772.87	12,577.70
	12,545.38	13,673.06
Change in inventories	1,127.67	(1,679.53)

2.30 Employee Benefits Expense

Particulars	For the year ended September 30, 2025	For the year ended March 31, 2025
Salaries & Wages	5,683.59	12,234.13
Contribution to Provident and Other Funds	417.15	905.63
Gratuity Expense	118.56	252.91
Staff Welfare Expense	681.17	1,347.50
Remuneration to Directors	259.65	1,093.49
Total	7,140.15	15,833.66

2.31 Finance Costs

Particulars	For the year ended September 30, 2025	For the year ended March 31, 2025
Interest on export packing credit	667.76	1,086.73
Interest on net defined benefit liability (net) Gratuity	-	-
Other borrowing cost	100.82	92.51
Interest on income tax	-	272.48
Total	768.58	1,451.72

2.32 Depreciation and amortisation expense

Particulars	For the year ended September 30, 2025	For the year ended March 31, 2025
Depreciation of Property, Plant and Equipment (See Note 2.01A)	623.80	1,567.30
Amortisation of intangible assets (See Note 2.01C)	0.84	4.36
Total	624.67	1,571.67



2.33 Other Expenses

Particulars	For the year ended September 30, 2025	For the year ended March 31, 2025
Processing charges	2,227.45	8,731.27
Consumption of Stores, Spares, Consumables & Loose Tools	379.58	1,652.21
Power, Fuel, Water & Gas	1,634.33	3,956.41
Repairs	-	-
- Building	10.35	41.95
- Plant & Machinery	228.10	487.05
- Others	252.98	524.46
Other Production Expenses	62.78	466.14
Testing Charges	164.11	383.08
Forwarding and transport on sales	163.19	551.40
Insurance	72.78	134.66
Rent	97.84	198.57
Rates & Taxes	43.85	150.56
Travelling & Conveyance	115.13	234.91
Payments to Auditors [See Note 2.32.2]	15.23	24.18
Advertisement & Sales promotion	33.70	151.81
Professional & Consultancy charges	34.91	294.12
Provision for Expected Loss	688.70	1,578.70
Donation [See Note 2.32.1]	118.65	174.72
Expenses on Corporate Social Responsibility activities [See Note 2.30.3]	1.11	239.71
Miscellaneous Expenses	744.40	1,928.91
Foreign Exchange Loss on forward contract	-	-
Total	7,088.93	20,214.82

2.34 Earnings per equity share

Particulars	For the year ended September 30, 2025	For the year ended March 31, 2025
Total Comprehensive Income for the year	3,693.24	15,258.90
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up)	199,500,000	199,500,000
Earnings per equity share - Basic & Diluted in Rs.	1.85	7.65

For and on behalf of the Board of Directors of
KiteX Garments Limited
CIN: L18101KL1982PLC006258



[Signature]
C P Philpose
Director
DIN: 01125157

[Signature]
Sudhu Chandrasekharan
Director
DIN: 08434415

Place: Kizhakkambalam
Date: December 17, 2025

[Signature]

KITEX**Kitex Garments Limited**

(CIN: L18101KL1992PLCO06528)

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

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

Phone: 91 484 2585000, Fax: 91 484 2680604

Email: sec@kitexgarments.comWebsite: www.kitexgarments.com

October 07, 2025

To,

General Manager,
Department of Corporate Services,
BSE Limited,
P J Towers, Dalal Street,
Mumbai - 400 001.

Dear Sir,

Sub: "Report on Complaints" pursuant to SEBI Master Circular no. SEBI/HO/CFD/POD2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Master Circular")

Ref: Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed scheme of arrangement between Kitex Childrenswear Limited and Kitex Garments Limited and their respective shareholders and creditors ("Scheme")

This is reference to our application dated March 07, 2025 seeking No-Objection letter on the proposed Scheme of Arrangement between Kitex Childrenswear Limited and Kitex Garments Limited and their respective shareholders and creditors in terms of provisions of the Companies Act, 2013 and pursuant to Regulation 37 of the SEBI Listing Regulations.

In this regard, please find enclosed herewith the "Report on Complaints" from April 01, 2025 till October 07, 2025 as per Annexure IV of the SEBI Master Circular.

Thanking You

Yours faithfully,

For **Kitex Garments Limited**

Dayana Joseph

Company Secretary & Compliance Officer




KITEX**Kitex Garments Limited**

(CIN: L18101KL1992PLC006528)
 Regd Office: Building No. VI/496, Kizhakkambalam,
 Vanganu P.O, Aluva, Ernakulam - 683561, Kerala
 Phone: 91 484 2585000, Fax: 91 484 260604
 Email: sect@kitexgarments.com
 Website: www.kitexgarments.com

Report on Complaints**PART A**

Sr No	Particulars	Number
1	Number of complaints received directly	0
2	Number of complaints forwarded by Stock Exchanges	0
3	Total Number of complaints/comments received (1+2)	0
4	Number of complaints resolved	Not Applicable
5	Number of complaints pending	Not Applicable

PART B

Sr. No.	Name of complainant	Date of Complaint	Status
Not Applicable			

Yours faithfully,
 For **Kitex Garments Limited**


Dayana Joseph
 Company Secretary & Compliance Officer

Date: October 07, 2025
 Place: Kizhakkambalam





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

BANSI S. MEHTA VALUERS LLP
Registered Valuer: Securities & Financial Assets
11/13 Botawala Building,
2nd Floor, Horniman Circle Fort
Mumbai – 400 001.

Bansi S. Mehta Valuers LLP*Registered Valuer**Valuation Report***CONTENTS**

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*This Report should be read along with the limitations mentioned herein*

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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

Bansi S. Mehta Valuers LLP
Registered Valuer

Valuation Report

I. 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



This Report should be read along with the limitations mentioned herein

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Bansi S. Mehta Valuers LLP
Registered Valuer

Valuation Report

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: UJ18101KL1991PLC006048). 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 Kibex 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

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Bansi S. Mehta Valuers LLP
Registered Valuer

Valuation Report

KAPL

KAPL has its registered office at H NO. 15-10-196/2, Pothonn Road, Ramunapet, 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 KCI.

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 30, 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

Bansi S. Mehta Valuers LLP
Registered Valuer

Valuation Report

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 EBIDTA 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

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Bansi S. Mehta Valuers LLP

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Valuation Report

- 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/EBIDTA 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 us 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.

4.5.3 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.



This Report should be read along with the limitations mentioned herein

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Bansi S. Mehta Valuers LLP

Registered Valuer

Valuation Report

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

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Bansi S. Mehta Valuers LLP
Registered Valuer

Valuation Report

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 profiles 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

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Bansi S. Mehta Valuers LLP
Registered Valuer

Valuation Report

- 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

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Bansi S. Mehta Valuers LLP

Registered Valuer

Valuation Report

- 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: 25102062BMLDKG2964

This Report should be read along with the limitations mentioned herein

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Bansi S. Mehta Valuers LLP
Registered Valuer

Valuation Report

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 AccTP Database
3. Publicly available research reports
4. Risk Free Interest rate from RBI website



This Report should be read along with the limitations mentioned herein

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BANSI S. MEHTA VALUERS LLP

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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14 February, 2025

To,

**The Board of Directors,
Kitex Garments Limited**
P.B. No. 5, Kizhakkambalam,
Alwaye, Kochi,
Kerala – 683652

Sub: Fairness opinion to the Board of Directors of Kitex Garments Limited (“KGL” or “Company” or “Resulting Company”) on Recommendation of the Share Entitlement Ratio for the proposed demerger of Kitex Childrenswear Limited (“KCL” or “Demerged Company”) into KGL in relation to the Scheme of Arrangement between KGL and KCL and their respective shareholders and creditors under Sections 230 and 232 of the Companies Act, 2013 (“Proposed Transaction”)

In terms of our engagement with KGL dated October 18, 2024, KGL has requested ICICI Securities (I-Sec) to provide a fairness opinion to the Board of Directors of KGL on Recommendation of ratio in relation to the Share Entitlement Ratio for the proposed demerger in relation to the Scheme of Arrangement between KGL and KCL and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013

BACKGROUND, PURPOSE AND USE OF THIS FAIRNESS OPINION

KGL is the world's second-largest manufacturer of cotton and organic cotton ready-to-wear garments for infants and children aged 0-24 months. KGL caters to prominent and renowned conglomerates in USA and Europe like Gerber Childrenswear and Carters. KGL is listed on BSE and NSE.

KCL, founded in 1991, is engaged in the business of manufacturers, dealers, purchasers, sellers, importers, and exporters of textile items such as yarn, fabrics, garments, wearing apparels, made from natural or synthetic fibers or from blends of both and registered in the State of Kerala. KCL stands as a distinguished leader in the global apparel industry, specializing in premium infantswear and childrenswear. It delivers fine cotton garments to some of the most renowned retailers like The Children's Place in international markets, with a massive presence in the United States.

The Proposed Scheme under Section 230-232 and other applicable provisions of the Companies Act, 2013 (**“the Cos Act”**) and the rules and regulations made thereunder *inter alia* provide for demerger of Demerged Undertaking (as defined in the Proposed Scheme) of KCL into the Resulting Company with effect from Appointed date i.e. April 01, 2025.

The Company has appointed Bansil S. Mehta Valuers LLP as **Registered Valuer** to determine and recommend the Share Entitlement Ratio for the Proposed Transaction, with 13 February 2025 being the valuation date. In this connection, pursuant to the requirements of SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023 (as updated), we have been requested by the Board of Directors of KGL to render an opinion on recommendation of ratio being proposed in relation to the proposed demerger of demerged undertaking of KCL into the Resulting Company recommended by the Registered Valuer vide their valuation report dated 14 February 2025, is fair.

Page 1 of 7





The Registered Valuer has recommended the following Share Entitlement Ratio for the Scheme:

Share Entitlement ratio in the event of demerger of demerged undertaking of KCL into the Resulting Company:

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

This fairness opinion is intended only for the sole use and information of the Board of Directors of Kitex Garments Limited and only in connection with the Proposed Transaction. We are not responsible in any way to any other person / party for any decision of such person or party based on this fairness opinion. Any person / party intending to provide finance / invest in the shares / business of any of the companies involved in the Transaction or their subsidiaries / joint ventures / associates 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. It is hereby notified that any reproduction, copying or otherwise quoting of this fairness opinion or any part thereof, other than in connection with the Proposed Transaction as aforesaid can be done only with our prior permission in writing.

SOURCES OF INFORMATION

In arriving at our opinion set forth below, we have relied on:

1. Latest shareholding details of the Companies;
2. Audited financial statements of KGL and KCL for year ended 31 March 2024, 31 March 2023 and 31 March 2022;
3. Audited financial statements of subsidiaries of KGL and KCL as on 31 March 2024;
4. Limited reviewed Financial Results (Profit and loss statement) of KGL for period ended 31 December 2024;
5. Provisional Balance Sheet of KGL as on 31 December 2024;
6. Provisional Financial Statements (Profit and loss statement and Balance Sheet) of subsidiaries of KGL for the period ended 31 December, 2024;
7. Limited reviewed Special Purpose Interim Condensed Standalone Financial Statements (Profit and loss statement and Balance Sheet) of KCL for the period ended 31 December 2024;
8. Provisional Financial Statements (Profit and loss statement and Balance Sheet) of KAPL for the period ended 31 December, 2024;
9. Provisional Financial Statements (Profit and loss statement and Balance Sheet) of Kitex USA, LLC for the period ended 31 December, 2024;
10. Standalone financial projections of KGL & KCL from 01 January 2025 to 31 March 2030, including key underlying assumptions with respect to the projected profit & loss account, and projected balance sheet;
11. Standalone financial projections of KAPL from 01 January 2025 to 31 March 2035, including key underlying assumptions with respect to the projected profit & loss account, and projected balance sheet;
12. Obtained and analysed data of peers available in public domain (including from Bloomberg), as deemed relevant by us for the purpose of the present exercise;
13. Market prices of KGL as published by NSE / BSE





14. Discussions (including verbal) with the Independent Valuer on the draft and final valuation report and valuation workings;
15. Other information and documents that we considered necessary for the purpose of this engagement.

SCOPE LIMITATIONS

Our fairness opinion is subject to the scope limitations detailed hereinafter. As such the fairness opinion is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our work does not constitute an audit, due diligence or certification of the historical financial statements in relation to the Companies including their respective working results or businesses referred. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this fairness opinion. Our analysis and results are specific to the purpose of the exercise of giving our fairness opinion as described hereinabove. It may not be valid for any other purpose or if provided on behalf of any other entity. Our fairness opinion is addressed to and is solely for the benefit of the Board of Directors of KGL and should not be publicly or otherwise circulated, provided or disclosed to any person, authority (including regulatory authority), entity or any public or private platform without our prior written consent. No other person, entity or regulatory authority shall, save with our written consent, rely on this opinion or any part thereof.

We have considered financial information in our analysis and have made adjustments for facts made known to us till the date of our report, including taking into consideration current market parameters. An exercise of this nature involves consideration of various factors. This fairness opinion is issued on the understanding that each of the Companies have drawn our attention to all the matters which may have an impact on our opinion including any significant changes that have taken place or are likely to take place in the financial position or businesses up to the date of approval of the Scheme by the Board of Directors. We have no responsibility to update this fairness opinion for events and circumstances occurring after this date.

In the course of the present exercise, we were provided with both written and verbal information, including financial data. The terms of our engagement were such that we were entitled to rely upon the information provided without detailed inquiry. Also, we assume that the management of each of the Companies, has not omitted any relevant and material factors for the purposes of the work which we have undertaken in connection with this fairness opinion.

We shall have no obligation to verify the accuracy or completeness of any information or express any opinion or offer any form of assurance regarding the accuracy or completeness of such information and shall not assume any liability therefor. We assume no responsibility whatsoever for any errors in the information furnished to us and their impact on the present exercise.

We express no opinion whatsoever and make no recommendation at all to the shareholders or secured or unsecured creditors of each of the Companies, as to how they should vote at their respective meetings held in connection with the Scheme. We do not express and should not be deemed to have expressed any views on any other term of the Scheme. We also express no opinion and accordingly accept no responsibility with respect to the financial performance of the Companies following the consummation of the Scheme. We also express no opinion on the likely market price of the Companies post the consummation of the Scheme.

No investigation with respect to the claim to title of assets of each of the Companies has been made for the purpose of this exercise and the same has been assumed to be valid. We have not placed any individual value on the assets of each of the Companies and have also not considered any liens or





encumbrances on the same. Further we have not opined and accordingly do not take responsibility whatsoever for matters of a legal nature. Also, we are not opining on matters related to taxation. This fairness opinion should not be construed as a certification regarding the compliance of the Scheme with the provisions of any law including Companies Act, tax laws and capital market related laws or as regards any legal implications or issues arising from the Scheme.

In the ordinary course of business, ICICI Securities Limited and its affiliates is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of ICICI Securities Limited may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Scheme.

In arriving at our opinion, we have assumed and relied upon, without any independent verification or validation, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the management of KGL that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the financials and forecasts, we have been advised by KGL, and have assumed, that: (i) they have been reasonably prepared and/or confirmed on bases reflecting the best currently available estimates and good faith judgements of the management of KGL as to the future financial performance of the Companies or their respective subsidiaries and/or associates, and (ii) they are based on the understanding of the management of KGL of the current business strategy, operations, competition and macro-economic indicators and involves known and unknown risks, uncertainties, assumptions, and other factors that may cause the actual results to be materially different from any future results, performance or achievements expressed or implied by the financials and forecast of the Companies or their respective subsidiaries and/or associates.

Without limiting the generality of the foregoing, we have also assumed, at the direction of KGL, their respective subsidiaries and associates, as applicable, will receive all statutory clearances with respect to their respective operations in accordance with the assumptions regarding such clearances in their financials and forecasts.

We have been informed by the management of KGL that the financials and forecasts provided to us have been prepared in accordance with Indian Accounting Standards (Ind-AS). We have not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of the Companies or their respective subsidiaries and/or associates, as applicable, and/or any other entity (other than the Valuation Report, which we have reviewed and relied upon without independent verification for purposes of this opinion), nor have we made any physical inspection or title verification of the properties or assets of the Companies, their respective subsidiaries and/or associates, as applicable, and/or any other entity, and we do not express any opinion as to the value of any asset of the Companies, their respective subsidiaries and/or associates, as applicable, and/or any other entity, whether at current prices or in the future. We have not evaluated the solvency or fair value of the Companies, their respective subsidiaries and/or associates, as applicable, and/or any other entity under the laws of India or any other laws relating to bankruptcy, insolvency or similar matters.

We have assumed, at the direction of KGL, that the Proposed Transaction will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, judicial, regulatory and





other approvals, consents, releases and waivers for the Transaction, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on KGL, their respective subsidiaries and/or associates, as applicable, and/or any other entity or the contemplated benefits of the Transaction. We also have assumed, at the direction of KGL, that the final executed Scheme will not differ in any material respect from the Draft Scheme reviewed by us.

We have not undertaken any independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, or other contingent liabilities, or any settlements thereof, to which KGL, their respective subsidiaries and/or associates, as applicable, and/or any other entity, are or may be a party or are or may be subject, and this opinion does not consider the potential effects of any such litigation, actions, claims, other contingent liabilities or settlements.

We express no view or opinion as to any terms or other aspects or implications of the Proposed Transaction (other than the Ratios to the extent expressly specified herein), including, without limitation, the form or structure of the Proposed Transaction, the taxation impact of the Transaction or the Equity Shares issued and allotted under the Transaction or any terms or other aspects or implications of any other agreement, arrangement or understanding entered into in connection with or related to the Proposed Transaction or otherwise. We were not requested to, and we did not, participate in the negotiation of the terms of the Proposed Transaction. Our opinion does not address any matters otherwise than as expressly stated herein, including but not limited solely to matters such as corporate governance, shareholder rights or any other equitable consideration, and is limited to the fairness, from a financial point of view, to the Public Shareholders of KGL of the Ratios provided for in the Scheme and no opinion or view is expressed with respect to any consideration received in connection with the Proposed Transaction by the holders of any other class of securities, creditors or other constituencies of any party. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Transaction, or class of such persons, relative to the Ratios. Furthermore, no opinion or view is expressed as to the relative merits of the Proposed Transaction in comparison to other strategies or transactions that might be available to KGL or in which KGL might engage or as to the underlying business decision of KGL to proceed with or effect the Proposed Transaction. Further, KGL will remain solely responsible for the commercial assumptions on which this opinion is based and for its decision to proceed with the Proposed Transaction.

Further, our opinion does not take into account any corporate actions of KGL after the date hereof, including payment of dividends. We are not expressing any opinion as to what the value of the Equity Shares actually will be when issued or the prices at which the Equity Shares will trade at any time, including following announcement or consummation of the Transaction. In addition, we express no opinion or recommendation as to how any shareholder, creditor or other person should vote or act in connection with the Transaction or any related matter. In addition, we are not expressing any view or opinion with respect to, and have relied, with the consent of KGL, upon the assessments of representatives of KGL regarding, legal, regulatory, accounting, tax and other matters relating to the Companies, any of their respective subsidiaries and/or associates, as applicable, or any other entity and the Transaction (including the contemplated benefits of the Transaction) as to which we understand that KGL obtained such advice as it deemed necessary from qualified professionals.

We have also assumed that all aspects of the Transaction and any other transaction contemplated in the Scheme would be in compliance with applicable laws and regulations, and we have issued this opinion on the understanding that we would not in any manner verify, or be responsible for ensuring, such





compliance, including without limitation, compliance with the provisions of SEBI Regulations. Without prejudice to the generality of the foregoing, we express no opinion and have assumed that the Transaction will not trigger obligation to make open offers under the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended and accordingly, we have not considered the consequences or impact on ICICI Securities, if any such offers are mandated, and we have also assumed that the Transaction will not result in any adverse effect on ICICI Securities or its business, whether under tax or other laws or under the terms of any license or approval.

We have acted as financial advisor to the Board of Directors of KGL to render this opinion and will receive a fee for our services, which will be paid upon the rendering of this opinion. In addition, KGL has agreed to reimburse our expenses (subject to certain restrictions) and indemnify us against certain liabilities arising out of our engagement.

We and our affiliates comprise a full-service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of our businesses, we and our affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of KGL and their respective subsidiaries, joint ventures, associates and/or affiliates.

We and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to KGL and its subsidiaries, joint ventures, associates and/or affiliates, and have received or in the future may receive compensation for the rendering of these services.

It is understood that this letter is for the benefit and use of the Board of Directors of KGL (in its capacity as such) in connection with and for purposes of its evaluation of the Transaction and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of KGL. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party, nor shall any public reference to us be made, for any purpose whatsoever except (i) with our prior written consent in each instance; (ii) as required to be disclosed by KGL to the Stock Exchanges pursuant to applicable laws and may be disclosed on the website of KGL and the Stock Exchanges to the extent required under applicable laws and further may also be made a part of the explanatory statement to be circulated to the shareholders and/or creditors of KGL; and (iii) as required to be disclosed to relevant judicial, regulatory or government authorities, in each case only as may be mandatorily required by applicable laws. Our opinion is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion.

RATIONALE & CONCLUSION

In the circumstances, having regard to all relevant factors and on the basis of information and explanations given to us, we are of the opinion on the date hereof, that the Share Entitlement Ratio for





the demerger of Demerged Undertaking (as defined in the Proposed Scheme) of KCL into the Resulting Company as stated above and recommended by the Registered Valuer is fair.

Yours faithfully,

For ICICI Securities Limited

(SEBI Registration Code for the Merchant Banker: MB/INM000011179)

A handwritten signature in black ink is positioned to the left of a circular stamp. The stamp contains the text 'ICICI SECURITIES LIMITED' around its perimeter.

Raghavan Subramanian
Head – Structured Products
ICICI Securities, Mumbai
Date: 14 February 2025



6 March, 2025

To,

**The Board of Directors,
Kitex Garments Limited**
P.B. No. 5, Kizhakkambalam,
Alwaye, Kochi,
Kerala – 683652

Sub: Addendum to the Fairness opinion to the Board of Directors of Kitex Garments Limited (“KGL” or “Company” or “Resulting Company”) on Recommendation of the Share Entitlement Ratio for the proposed demerger of Kitex Childrenswear Limited (“KCL” or “Demerged Company”) into KGL in relation to the Scheme of Arrangement between KGL and KCL and their respective shareholders and creditors under Sections 230 and 232 of the Companies Act, 2013 (“Proposed Transaction”)

In terms of our engagement with KGL dated October 18, 2024, KGL had requested ICICI Securities (I-Sec) to provide a fairness opinion to the Board of Directors of KGL on Recommendation of ratio in relation to the Share Entitlement Ratio for the proposed demerger in relation to the Scheme of Arrangement between KGL and KCL and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013

The Company had appointed Bansil S. Melha Valuers LLP as Registered Valuer (“Valuer”) to determine and recommend the Share Entitlement Ratio for the Proposed Transaction, with 13 February 2025 being the valuation date. In this connection, pursuant to the requirements of SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023 (as updated), we had been requested by the Board of Directors of KGL to render an opinion on recommendation of ratio being proposed in relation to the Proposed Transaction recommended by the Registered Valuer vide their valuation report dated 14 February 2025, is fair.

We have presented our fairness opinion vide our report dated February 14, 2025 (“Fairness Opinion Report”) on the Share Entitlement Ratio as recommended by the Valuer as per Valuation Report dated February 14, 2025 (“Valuation Report”), relying on the various sources of information provided by the Management of KGL, including the following:

1. Limited reviewed Financial Results (Profit and loss statement) of KGL for period ended 31 December 2024;
2. Provisional Balance Sheet of KGL as on 31 December 2024;
3. Provisional Financial Statements (Profit and loss statement and Balance Sheet) of subsidiaries of KGL for the period ended 31 December, 2024;
4. Limited reviewed Special Purpose Interim Condensed Standalone Financial Statements (Profit and loss statement and Balance Sheet) of KCL for the period ended 31 December 2024;
5. Provisional Financial Statements (Profit and loss statement and Balance Sheet) of KAPL for the period ended 31 December, 2024;
6. Provisional Financial Statements (Profit and loss statement and Balance Sheet) of Kitex USA, LLC for the period ended 31 December, 2024;





Subsequently, following set of documents were provided by the Management of KGL to the Valuer and I-Sec:

1. Limited reviewed Financial Statements (Profit and loss statement and Balance Sheet) of KGL for the period ended 31 December 2024;
2. Limited reviewed Financial Statements (Profit and loss statement and Balance Sheet) of subsidiaries of KGL for the period ended 31 December, 2024;
3. Audited Standalone Financial Statements (Profit and loss statement and Balance Sheet) of KCL for the period ended 31 December 2024;
4. Audited Financial Statements (Profit and loss statement and Balance Sheet) of KAPL for the period ended 31 December, 2024;
5. Audited Financial Statements (Profit and loss statement and Balance Sheet) of Kitex USA, LLC for the period ended 31 December, 2024;

In light of the above, we understand that Valuers have issued an Addendum to Valuation Report dated March 6, 2025, post considering the aforementioned documents. It has been noted by them that there is an updation in value on account of adjustment due to the limited reviewed/ audited financial statements, which improves the valuation of unlisted public company thereby leading to a marginal increase in the promoter's holding in KGL if the revised ratio were to be considered. Further, taking the revised ratio would entail procedural circularity. Hence, Valuers are continuing with their recommendation as provided in Valuation Report, which has been re-iterated below:

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

We have reviewed the above-mentioned documents and the Addendum to the Valuation Report issued by the Registered Valuer.

In the circumstances, having regard to all relevant factors and on the basis of information and explanations given to us and considering that the adjustment if done would have resulted in more dilution for the minority shareholders of KGL, we are of the opinion on the date hereof, that the recommendation of the Valuer to continue with the old ratio provided vide Valuation Report dated February 14, 2025 and approved by the Board on the same date is fair.

This letter should be read in conjunction with our Fairness Opinion Report dated 14 February 2025.

Yours faithfully,

For ICICI Securities Limited

(SEBI Registration Code for the Merchant Banker: MB/INM000011179)

Raghavan Subramanian
Head – Structured Products
ICICI Securities, Mumbai
Date: 6 March 2025

MSKA & Associates

Chartered Accountants

Floor 5, Main Building, Ganga Complex
New No. 443 & 445, Old No. 304 & 305, Anna Salai
Teynampet, Chennai 600018, INDIA

The Board of Directors,
Kitex Childrenswear Limited
P.B No. 5, Kizhakkambalam, 683562
Kochi, Kerala, India

Independent Auditor's Certificate on the accounting treatment contained in the Proposed 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 to 232 read with other applicable provisions of the Companies Act, 2013 and rules framed thereunder

1. This Certificate is issued in terms of our mandate letter dated February 17, 2025.
2. The accompanying Annexure contains details of the accounting treatment as reproduced by the Demerged Company from clause 14 of the Proposed draft scheme of arrangement between the Demerged Company and the Resulting Company (hereinafter referred as "Annexure"). The Proposed draft scheme of arrangement has been prepared pursuant to the requirements prescribed under section 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act") to the extent applicable.
3. The Annexure has been duly authenticated on behalf of the Demerged Company and is initialed by us for the identification purposes only.

Management's Responsibility

4. The responsibility for the preparation of the Proposed draft scheme of arrangement and its compliance with the provisions of the Companies Act, 2013 including applicable Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, MCA General Circular 9/2029 dated 21 August 2019 ("MCA Circular") and Other Generally Accepted Accounting Principles, is that of the management of the Demerged Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Proposed draft scheme of arrangement and the Annexure and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
5. The Management is also responsible for providing all relevant information to Hon'ble National Company Law Tribunal and other regulatory authority in connection with the Proposed draft scheme of arrangement.

Auditor's Responsibility

6. Pursuant to the requirements of proviso to section 232(3)(j) of the Act read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, it is our responsibility to express reasonable assurance in the form of an opinion based on our examination and according to information and explanations given to us as to whether the proposed accounting treatment as described in the Annexure is in conformity with the accounting standards prescribed under section 133 Act read with Companies (Indian Accounting Standards) Rules, 2015 and MCA Circular.
7. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Demerged Company.
8. We audited the standalone and consolidated financial statements of the Demerged Company as of and for the financial year ended March 31, 2024, on which we issued a qualified audit opinion and unmodified opinion respectively vide our reports dated September 28, 2024. Our audit of these financial statements were conducted in accordance with the Standards on Auditing, as specified under section 143(10) of the Act and other authoritative pronouncements issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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Ahmedabad | Bengaluru | Chennai | Goa | Guwahati | Hyderabad | Kochi | Kolkata | Mumbai | Pune | www.mskaind.com

MSKA & Associates

Chartered Accountants

9. We conducted our examination of the Annexure in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the "Guidance Note") issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.
11. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria as mentioned in the Annexure. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures include the following in relation to the Annexure:
 - a) Obtained and read the Proposed draft scheme of arrangement and the accounting treatment proposed therein;
 - b) Obtained certified true copy of the board resolution approving the proposed arrangement;
 - c) Examined whether the proposed accounting treatment is in compliance with the accounting treatment as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 and MCA Circular.
 - d) Performed necessary inquiries with the management and obtained written representation from the Management of the Demerged Company in this regard.

Opinion

12. Based on our examination and procedures performed by us as described in paragraph 11 above, and according to the information and explanations given to us in our opinion the proposed accounting treatment as described in the Annexure is in conformity with the accounting standards prescribed under section 133 Act read with Companies (Indian Accounting Standards) Rules, 2015.

An extract of the accounting treatment specified in clause 14 of the Proposed draft scheme of arrangement is reproduced in "Annexure" duly authenticated on behalf of the Demerged Company is attached to this certificate as initialed by us only for the purpose of identification.

Restriction on Use

13. The Certificate is addressed to the Board of Directors of the Demerged Company solely for the purpose of enabling it to comply with the requirements of section 230 to section 232 to the Companies Act, to the extent applicable and for onward submission to the National Company Law Tribunal and other regulatory authority in connection with the Proposed draft scheme of arrangement.
14. This Certificate should not be used by any other person or for any other purpose. M S K A & Associates shall not be liable to the Demerged Company, NCLT or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without our prior consent in writing.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W



Geetha Jeyakumar
Partner
Membership No. 029409
UDIN: 25029409BMMILV8795



Date : March 04, 2025
Place: Chennai

MSKA & Associates

Chartered Accountants

Floor 5, Main Building, Ganga Complex
New No. 443 & 445, Old No. 304 & 305, Anna Salai
Teyyanpet, Chennai 600018, INDIA

The Board of Directors,
Kitex Garments Limited,
P.B No.5, Kizhakkambalam
Cochin, Kerala 683562

Independent Auditor's Certificate on the proposed accounting treatment contained in the Draft Scheme of Arrangement between Kitex Childrenswear Limited ("Demerged Company") with Kitex Garments Limited ("Resulting Company") and their respective shareholders and creditors under sections 230 to 232 read with other applicable provisions of the Companies Act, 2013 and rules framed thereunder.

1. This Certificate is issued in terms of our mandate letter dated February 17, 2025.
2. The accompanying Annexure contains details of the accounting treatment as reproduced by the Resulting Company from clause 14 of the Proposed draft scheme of arrangement between the Resulting Company and Demerged Company (hereinafter referred as "Annexure"). The Proposed draft scheme of arrangement has been prepared pursuant to the requirements prescribed under section 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Master Circular on Scheme of Arrangement by Listed entities dated 20 June 2023 ('SEBI Master Circular') to the extent applicable.
3. The Annexure has been duly authenticated on behalf of the Resulting Company and is initialed by us for the identification purposes only.

Management's Responsibility

4. The responsibility for the preparation of the Proposed draft scheme of arrangement and its compliance with the provisions of the Companies Act, 2013 including applicable Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, MCA General Circular 9/2029 dated 21 August 2019 ('MCA Circular') and Other Generally Accepted Accounting Principles and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with SEBI Master Circular, is that of the management of the Resulting Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Proposed draft scheme of arrangement and the Annexure and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
5. The Management is also responsible for providing all relevant information to Hon'ble National Company Law Tribunal, stock exchanges and other regulatory authority in connection with the Proposed draft scheme of arrangement.

Auditor's Responsibility

6. Pursuant to the requirements of proviso to section 232(3)(j) of the Act read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, SEBI Master Circular, it is our responsibility to express reasonable assurance in the form of an opinion based on our examination and according to information and explanations given to us as to whether the:
 - i) Proposed accounting treatment as contained in Annexure is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and circulars issued thereunder and all the applicable accounting standards notified by the Central Government under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 and Other Generally Accepted Accounting Principles and MCA Circular.
7. Nothing contained in this certificate, nor anything said or done in the course of, or in connection with the services that are subject to this certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Resulting Company.



Head Office: 602, Floor 6, Rajwa Titanium, Western Express Highway, Geetanjali Railway Colony, Ram Nagar, Coorgadin (E), Mumbai 400061, INDIA. Tel: +91 22 6258 0519
Ahmedabad | Bengaluru | Chennai | Goa | Guwahati | Hyderabad | Kochi | Kolkata | Mumbai | Pune www.mska.in

MSKA & Associates

Chartered Accountants

8. We audited the standalone and consolidated financial statements of the Resulting Company as of and for the financial year ended March 31, 2024, on which we issued a qualified audit opinion and unmodified audit opinion respectively, vide our reports dated July 15, 2024. Our audit of these financial statements was conducted in accordance with the Standards on Auditing, as specified under section 143(10) of the Act and other authoritative pronouncements issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
9. We conducted our examination of the Annexure in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the 'Guidance Note') issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.
11. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria as mentioned in the Annexure. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures include the following in relation to the Annexure:
 - a) Obtained and read the Proposed draft scheme of arrangement and the accounting treatment proposed therein;
 - b) Obtained certified true copy of the board resolution approving the proposed arrangement;
 - c) Examined whether the proposed accounting treatment is in compliance with the accounting treatment as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 and MCA Circular.
 - d) Performed necessary inquiries with the management and obtained written representation from the Management of the Resulting Company in this regard.

Opinion

12. Based on our examination and procedures performed by us as described in paragraph 11 above, read with para 13 below and according to the information and explanations given to us in our opinion the Proposed accounting treatment as contained in Annexure is in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and circulars issued thereunder and all the applicable accounting standards notified by the Central Government under Section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and Other Generally Accepted Accounting Principles.
13. The accounting treatment mentioned in clause 14 of the Proposed draft scheme of arrangement thereunder relating to reduction of securities premium to the extent of debit balance in business reconstruction reserve may be done only subject to approval by the competent authority i.e. the National Company Law Tribunal (NCLT). In absence of specific accounting standards dealing with reduction of securities premium, if confirmed by and approved by NCLT, the said adjustment as specified in clause 14 of the Proposed draft scheme of arrangement would be considered in compliance with Generally Accepted Accounting Principles in India.

An extract of the accounting treatment specified in clause 14 of the Proposed draft scheme of arrangement is reproduced in "Annexure" duly authenticated on behalf of the Resulting Company is attached to this certificate as initiated by us only for the purpose of identification



MSKA & Associates

Chartered Accountants

Restriction on Use

14. The Certificate is addressed to the Board of Directors of the Resulting Company solely for the purpose of enabling it to comply with the requirements of section 230 to section 232 to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Master Circular to the extent applicable and for onward submission to the National Company Law Tribunal and other regulatory authority in connection with the Proposed draft scheme of arrangement. This Certificate should not be used by any other person or for any other purpose. M S K A & Associates shall not be liable to the Resulting Company, NCLT or to any other concerned for any claims, liabilities or expenses relating to this assignment... Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without our prior consent in writing.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W



Geetha Jayakumar
Partner
Membership No. 029409
UDIN: 25029409BMMILU3914



Place: Chennai
Date : March 04, 2025



DCS/AMAL/TS/R37/3948/2025-26

December 04, 2025

To,
The Company Secretary,
Kitex Garments Limited
P.B. No. 5, Building No. 9/536 A,
Kizhakkambalam, Aluva, Kochi,
Kochi – 683562, Kerala.

Sub: Scheme of arrangement between Kitex Childrenswear Limited and Kitex Garments Limited

We refer to your application for Scheme of arrangement between Kitex Childrenswear Limited ("Demerged Company" or "KCL") and Kitex Garments Limited ("Resulting Company" or "KGL") and their respective shareholders and creditors under section 230 to 232 read with section 66 and other applicable provisions of the Companies Act 2013 and rules made thereunder filed with the Exchange under Regulation 37 of SEBI LODR Regulations, 2015, read with SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Reg. 94(2) of SEBI LODR Regulations, 2015.

In this regard, SEBI vide its Letter dated December 03, 2025, has inter alia given the following comment(s) on the said draft scheme of Arrangement: -

1. "The Entity shall ensure that it discloses 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."
2. "The Entity shall ensure that additional information, if any, submitted by the listed entity 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."
3. "The Entity 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 Master Circular and ensure that all the liabilities of Demerged Undertaking are transferred to the Resulting Company."
4. "The Entity is advised 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."

TS

Page 1 of 5



5. "The Entity shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old."
6. "The entity is advised that the details of the proposed scheme under consideration as provided by the listed entity to the Stock Exchange shall be prominently disclosed in the notice sent to the Shareholders."
7. "The entity is advised that the proposed equity shares, if any, to be issued in terms of the "Scheme" shall mandatorily be in demat form only."
8. "The entity is advised that the "Scheme" shall be acted upon subject to the listed entity complying with the relevant clauses mentioned in the scheme document."
9. "No changes to the draft scheme except those mandated by the regulators/authorities/tribunals shall be made without specific written consent of SEBI."
10. "The entity is advised 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."
11. "The entity is advised to comply with all the applicable provisions of the Companies Act, 2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme."
12. "The entity is advised to ensure that 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: -
 1. 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 the 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:

Ⓟ TS



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

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. 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.

2. Details of assets, liabilities, net worth and revenue of the companies involved, pre and post scheme
3. Pre and post scheme shareholding pattern of KGL and KCL considering the changes, if any, post filing of scheme with exchange.
4. Impact of scheme on revenue generating capacity of Resulting Company.
5. 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.
6. Value of assets and liabilities of Demerged Company that are being transferred to Resulting Company.
7. 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.
8. Latest financials of Demerged and Resulting companies should be updated on the Website and same also to be disclosed in the explanatory statement.

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9. Revised shareholding pattern of Demerged and Resulting companies Pre and Post-Merger.
10. 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.
11. 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.
13. Entities shall ensure that applicable additional information, if any to be submitted to SEBI along with draft scheme of arrangement as advised by email dated December 04, 2023 shall form part of disclosures to the shareholders.
14. "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."

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Please note that the submission of documents/information, in accordance with the circular to SEBI/Exchange should not in any way be deemed or construed that the same has been cleared or approved by SEBI/Exchange. SEBI/Exchange 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 document submitted.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023.

Kindly note that as required under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete/incorrect/misleading/false

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or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 [Act], read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be is required to be served upon the Exchange seeking representations or objections if any.

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, would be accepted and processed through the Listing Centre only and no physical filings would be accepted. You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

For
Kinnar Mehta
Assistant Vice President

Toshika Sharma
Deputy Manager



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.*

This Document is Digitally Signed



Signer: SHIKPI SHAMSI VIDHANI
Date: 05, Dec 5, 2025 10:09:59 IST
Location: BSE

National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Bandra
India +91 22 26594000 | www.nseindia.com | CIN U67120MH1992PLC064769

Bandra (E), Mumbai - 400 051.



Continuation Sheet

Ref: NSE/LIST/47525

December 05, 2025

- 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 (%)
Promoter / Promoter Group			
Public Shareholders			

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.

This Document is Digitally Signed



Signer: DIVYATI BANSAL VIDWANS
Date: Fri, Dec 5, 2025 10:55:00 IST
Location: NSE



Continuation Sheet

Ref: NSE/LIST/47525

December 05, 2025

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.

This Document is Digitally Signed



Signer: DIVYATI BANSAL VIDWAN
Date: Fri, Dec 5, 2025 10:55:00 IST
Location: NSE



Continuation Sheet

Ref: NSE/LIST/47525

December 05, 2025

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".



Signed: KHYATI VIDWANS
Date: Fri, Dec 5, 2025 10:55:59 IST
Location: NSE

KITEX

KITEX CHILDRENSWEAR LIMITED

CIN: U18101KL1991PLC006048, Date of Incorporation: April 26, 1991

Registered and Corporate Office	Contact Person	Email and Telephone	Website
Building No. 494, Kizhakkambalam, Vilangu P O, Aluva, Ernakulam, Kunnathunad, Kerala, India - 683561	Thomas Cherian Whole-Time Director	Email: sect@kitexchildrensweat.com Tel: +91 484 2585000	www.kitexchildrensweat.com

THE PROMOTERS OF OUR COMPANY ARE SABU MECKAMKUNNEL JACOB, RENJITHA SABU, SINDHU CHANDRASEKHARAN, THOMAS CHERIAN, GAYATHRI KRISHNAN, SREEDEVI P AND ELIZABETH K U

This is an abridged prospectus ("Abridged Prospectus") prepared solely in connection with the proposed Scheme of Arrangement between Kitex Childrensweat Limited ("Demerged Company") and Kitex Garments Limited ("Resulting Company") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder (collectively the "Act"), (hereinafter referred to as the "Scheme"). This Abridged Prospectus discloses applicable information of the unlisted company i.e., "the Demerged Company" or "the Company" or "Our Company", in compliance with the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 as amended, to the extent applicable ("SEBI Master Circular"). Capitalised terms not defined herein shall have their meaning ascribed to them under the Scheme.

This Abridged Prospectus is prepared to comply with the requirements of Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Para 3(a) of Part I of the SEBI Master Circular, setting out details in relation to the Demerged Company.

You may download the Abridged Prospectus along with the Scheme and other relevant documents from the website of the Resulting Company at www.kitexgarments.com, BSE Limited ("BSE") (www.bseindia.com) and the National Stock Exchange of India Limited ("NSE") (www.nseindia.com) (hereinafter BSE and NSE collectively referred as "Stock Exchanges") where the equity shares of the Resulting Company are listed.

Brief details of the Scheme;

The Scheme provides inter-alia for:

- (i) the demerger of Demerged Undertaking of the Demerged Company into Resulting Company;
- (ii) the consequent issuance of the New Equity Shares by Resulting Company to the equity shareholders of the Demerged Company; and
- (iii) matters consequential or connected therewith;

The Scheme is subject to approvals of relevant regulatory authorities, such as, amongst others, SEBI/ Stock Exchanges and the Hon'ble National Company Law Tribunal, Kochi Bench ("NCLT"). The Resulting Company has received the Observation Letters dated December 04, 2025 and December 05, 2025 from BSE and NSE respectively.

This Abridged Prospectus dated May 25, 2026 should be read together with the Scheme and the Notice to the shareholders of the Resulting Company.

GENERAL RISKS
Investors are advised to read the section titled " <i>Risk Factors</i> " on page 6. For taking an investment decision, investors must rely on their own examination of Kitex Childrenswear Limited, Kitex Garments Limited and the Scheme, including the risks involved. This Abridged Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), Registrar of Companies or any Stock Exchange in India nor does SEBI guarantee the accuracy or adequacy of the contents of this Abridged Prospectus.
ISSUER'S ABSOLUTE RESPONSIBILITY
The Demerged Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Abridged Prospectus contain all information as per the SEBI Master Circular and material in the context of the Scheme and that the information contained in the Abridged Prospectus is true and correct in all material respects and is not misleading in any material respect, that there are no other material facts, the omission of which makes the Abridged Prospectus as a whole or any such information misleading in any material respect in relation to the Scheme.
SUMMARY OF THE PRIMARY BUSINESS
Our Company was incorporated in April 26, 1991, and is primarily involved in manufacturing and export of knitted garments for infants and kids. Our Company manufactures cotton garments and supplies to retailers in international markets, including the United States. Our Company's product portfolio includes body suits, rompers, bibs, sleepwear, burp cloths, and training pants.
Our Company commands global accreditations like Global Organic Textile Standard (GOTS), Worldwide Responsible Accredited Production (WRAP), Supplier Qualification Program (SQP), Supplier Compliance Audit Network (SCAN), and OEKO-TEX which highlights our dedication to maintaining exceptional quality.
As on 31 st March, 2026, Our Company has 4,407 employees with majority being women across 10 states in India.
Our Company has a manufacturing unit located near Kochi, Kerala enabling us having logistic connectivity with major international destinations by sea and air.
The main objects of the Demerged Company as set out in its Memorandum of Association "MOA" are, inter alia, as follows:
<i>"To carry on the business of manufacturers, dealers, purchasers, sellers, importers, and exporters of textile items such as yarn, fabrics, garments, wearing apparels, made from natural or synthetic fibers or from blends of both".</i>
Description of Industries Served: Textile Industry
Typical Customer/Clients of the Company: The Children's Place (TCP).
<i>Note:</i> <i>The Children's Place, Inc. and/or one or more of its affiliates are customers of Kitex Childrenswear Limited.</i>
Segment Reporting: Our Company's operate predominately in one operating segment i.e. Textile – Infant/Kids Apparel manufacturing.
Geographies Served: Mainly USA along with others
<i>Note:</i> <i>Our Company's exports to US markets are undertaken exclusively through The Children's Place and constitute a significant portion of total revenue for the period ended 31st December 2025 and for the financial year ended 31st March 2025, 31st March 2024 and 31st March, 2023 and accordingly, no separate geographical segment disclosure has been presented.</i>

Revenue Concentration among Top Customers*:								
(₹ in lakh)								
Name of Customer	December 31, 2025	December 31, 2025 (%)	March 31, 2025	March 31, 2025 (%)	March 31, 2024	March 31, 2024 (%)	March 31, 2023	March 31, 2023 (%)
The Children's Place	16,883.50	75.05	34,304.20	79.26	29,182.65	83.07	25,353.43	82.85
Kitex Garments Limited	2,936.51	13.05	5,379.94	12.43	2,805.64	7.99	2,143.16	7.00
Other Income	2676.10	11.90	3598.87	8.31	3141.77	8.94	3104.04	10.15
Total	22,496.11	100.00	43,283.01	100.00	35,130.06	100.00	30,600.63	100.00

Note:

Our Company's revenue is predominantly derived from TCP, and the domestic revenue include income from Kitex Garments Limited and Kitex Limited. The balance revenue comprises of B2C sales, export incentives, sale of scrap, and income from sample development charges and reimbursements.

*As certified by Independent Chartered Accountant vide their certificate dated May 25, 2026.

Key Manufacturing or other facilities: The manufacturing facility of our Company is located at Kizhakkambalam, Aluva, Ernakulam, Kerala. It has an installed annual capacity of 126 million pieces at its manufacturing facility in Kochi, Kerala.

Business Strengths and Strategies:

Strengths	Strategies
<ul style="list-style-type: none"> Scalable Production Infrastructure Established Global Customer Relationships Quality and Compliance Orientation Experience-Driven Execution Capability 	<ul style="list-style-type: none"> Export-Oriented Business Ongoing Capacity Expansion Initiatives Focus on Process and Technology Enhancement

SUMMARY OF THE INDUSTRY

India is the world's second-largest producer of textiles and garments and the third-largest exporter, covering apparel, home textiles, technical textile products. Further, India accounts for 4.6% share of global trade and features among the top five exporters in across sectors. The Garment/Textile industry contributes around 2% to India's GDP and about 11% of manufacturing Gross Value Added as of August 2025. Indian plays a significant role in employment, with over 45 million people engaged and about 22,000 million garments produced annually. By 2030, the textile industry's share in GDP is expected to more than double, reaching close to 5%. (Source - Indian Brand Equity Foundation).

The Ready Made Garments (RMG) hold the largest share at 45% of India's total textile exports, followed by Cotton Textiles at 30% and Man-Made Textiles at 12%. The US, EU, and Middle East are among the India's primary export destinations. (Source - Indian Brand Equity Foundation).

As an initiative, PM MITRA integrated textile parks are being set up nationwide, and textile exports have already reached ₹3 lakh crore, with a stated goal to triple this to ₹9 lakh crore by 2030. (Source - Press Release - MCI).

PROMOTERS OF OUR COMPANY					
Sr. No.	Name	Individual/Corporate	Experience & Educational Qualification		
1.	Sabu Meckamkunnel Jacob	Individual	Sabu Meckamkunnel Jacob is the Non-Executive Director of our Company. He has been involved in managing the affairs since inception and was one of the first Director of our Company. He has 35 years of experience in the field of textile industry. He holds a bachelor's degree in Economics.		
2.	Renjitha Sabu	Individual	Renjitha Sabu holds the office of General Manager in the Company. She has total 27 years of experience including 13 years of experience in managerial role in the Company October 2012. She holds a Diploma in Fashion Designing in 2002.		
3.	Sindhu Chandrasekharan	Individual	Sindhu Chandrasekharan has been associated with our Company as promoter since October 2007. She is having a total experience of 31 years in finance in Kitex group. She holds a Bachelor of Science in Mathematics from Calicut University in 1989.		
4.	Thomas Cherian	Individual	Thomas Cherian is the Whole-Time Director of our Company. He is having an experience of 22 years as part of Kitex group in commercial and export function. He holds a post-graduate diploma in business administration from School of Communication and Management Studies in 1996.		
5.	Gayathri Krishnan	Individual	Gayathri Krishnan has been associated with our Company as promoter since October 2007. She is having an experience in finance and accounts in Kitex group for 32 years. She holds a Bachelor of Commerce from Kerala University in 1992.		
6.	Sreedevi P	Individual	Sreedevi Puthenvettill is the Whole-Time Director of our Company. She has been associated with our Company as promoter since October 2007. She is having an experience in finance and accounts for 28 years in Kitex group. She holds a Bachelor of Commerce from Gandhiji University in 1987.		
7.	Elizabeth K U	Individual	Elizabeth K U has been associated with our Company as promoter since October 2007. She is having an experience of 31 years in Kitex group. She holds a Bachelor of Arts in Economics in 1994.		
SHAREHOLDING PATTERN					
Sr. No.	Particulars	Pre-Scheme		Post-Scheme	
		No. of Equity Shares of face value of ₹ 100/- each	% of equity share capital	No. of Equity Shares of face value of ₹ 100/- each	% of equity share capital
1.	Promoter and Promoter Group	9,49,905	100	9,49,905	100
2.	Public	-	-	-	-
	Total	9,49,905	100	9,49,905	100
SUMMARY OF FINANCIAL INFORMATION					

A. CONSOLIDATED FINANCIAL INFORMATION

(₹ in Lakhs except per share data)

Particulars	As of and for the period ended December 31, 2025	As of and for the year ended March 31, 2025	As of and for the year ended March 31, 2024	As of and for the year ended March 31, 2023
Share Capital	949.91	949.91	949.91	949.91
Net Worth	34,525.15	37,237.64	33,879.93	30,702.78
Revenue	23,289.70	46,210.29	35,054.45	30,596.51
EBITDA	(2,042.84)	6,039.29	6,395.12	4,644.83
Profit After Tax	(2,701.20)	3,340.94	3,175.29	2,301.08
Basic Earnings per Share	(284.37)	351.71	334.27	242.22
Diluted Earnings per Share	(284.37)	351.71	334.27	242.22
Return on Equity / Net Worth	(7.82%)	8.97%	9.37%	7.49%
Net Asset Value per equity share	3,634.59	3920.14	3566.67	3,232.19
Total borrowings	5,695.81	4,866.67	5,583.49	2,493.62
Cash flow from operating activities	1,643.06	6,911.58	(694.36)	6,410.48
Cash flow from investing activities	(480.75)	(6,112.45)	(233.98)	(8,378.39)
Cash flow from financing activities	367.61	(1,078.30)	2,724.74	1,670.72

Notes:

- Net worth = Equity Capital + Total Reserves and Surpluses - Equity reserve through Comprehensive income
- EBITDA = Net profit before tax + Depreciation + Interest
- Basic and Diluted EPS = Net profit after tax/Number of shares
- ROE = Net Profit after tax/Net worth
- NAV = Net worth/Number of shares

B. CARVE-OUT FINANCIAL INFORMATION FOR DEMERGED UNDERTAKING*

(₹ in Lakhs except per share data)

Particulars	As of and for the period ended December 31, 2025	As of and for the year ended March 31, 2025	As of and for the year ended March 31, 2024	As of and for the year ended March 31, 2023
Share Capital [^]	-	-	-	-
Net Worth [^]	-	-	-	-
Revenue	22,265.70	43,031.50	34,883.27	30,426.20
EBITDA	(669.47)	(6542.84)	7234.61	5,269.65
Profit After Tax	(1079.17)	4,096.23	4,162.04	3,093.89
Basic Earnings per Share	(113.61)	431.23	436.34	325.67
Diluted Earnings per Share	(113.61)	431.23	436.34	325.67
Return on Equity / Net Worth [^]	-	-	-	-
Net Asset Value per equity share [^]	-	-	-	-
Total borrowings	5,000	4,170.86	4,887.68	1,797.81
Cash flow from operating activities	3,151.89	6,743.74	203.12	7,101.41
Cash flow from investing activities	(6,26.27)	(5,772.55)	(396.50)	3,486.1
Cash flow from financing activities	367.61	(1,078.30)	2,724.74	1,670.72

Notes:

- a. Borrowings for year ending March 31, 2024 and 2023 as given above relating to the Demerged Undertaking are sourced from the workings prepared by the Management.
- b. EBITDA = Sum of Profit Before Tax, Interest, Depreciation and Amortisation

*Share Capital, Net Worth, Ratio of Return on Equity to Net Worth and Net Asset Value per Equity Share are not calculated since it is only a carve-out financial information for the demerged undertaking of the demerged Company.

*as certified by Independent Chartered Accountant vide their certificate dated May 25, 2026.

SUMMARY OF KEY PERFORMANCE INDICATORS*

(₹ in Lakhs except per share data)

Particulars	December 31, 2025	March 31, 2025	March 31, 2024	March 31, 2023
Revenue from operation (in Lakhs)	22,155.43	45,142.26	34,095.69	29,187.64
EBITDA (in Lakhs)	-2,042.84	6031.38	6395.12	4,644.83
EBITDA Margin (in %)	-8.77	13.05	18.24	15.18
Profit Before Tax (in Lakhs)	-3162.86	4857.89	5206.13	3,617.51
Net Profit (in Lakhs)	-2,701.20	3,340.94	3,175.29	2,301.08
Earnings per Share	-284.37	351.72	334.28	242.22
Net Worth (in Lakhs)	83,606.50	85,894.57	47,836.18	41,110.26
Return on Equity (in %)	-3.19	-5.00	7.14	5.18
Return on Capital Employed (in %)	-1.48	7.09	12.97	11.76
Current Ratio (in %)	1.94	1.82	1.71	1.59

Notes:

- a. EBITDA = EBITDA divided by Total Income
- b. Return on Equity = Profit After Taxes divided by Average Net worth
- c. Return on Capital Employed = Earnings before Interest and Tax divided by Capital Employed, where Capital Employed = sum of Net worth and Non-Current Liabilities
- d. Current Ratio = Current Assets divided by Current Liabilities

*as certified by Independent Chartered Accountant vide their certificate dated May 25, 2026.

RISK FACTORS

The below mentioned risks are the top 10 internal risk factors:

1. Geographical Concentration Risk

A substantial portion of our revenues is derived from exports to US based customers indicating high geographical concentration on marketing front. However, considering that US is one of the largest importers of apparels and the nature of the industry, the Company's concentration is likely to sustain over medium term.

2. Customer Concentration Risk

A significant portion of our revenues is derived from a limited number of large customers in the United States. The loss of any key customer, reduction in order volumes, delays in order placements, or changes in sourcing strategies by such customers could have a material adverse effect on our business, results of operations, and financial condition.

3. Foreign Exchange Fluctuation Risk

As a significant portion of our revenues is denominated in U.S. Dollars, while a majority of our costs are incurred in Indian Rupees, fluctuations in foreign exchange rates could adversely affect our profitability and cash flows. While we may undertake hedging activities, such measures may not fully mitigate currency risks.

4. Dependence on Manufacturing Facilities and Operational Risks

Our operations are dependent on our manufacturing facilities and uninterrupted production processes. Any disruption arising from labour unrest, power shortages, equipment breakdowns, fire, natural disasters, pandemics, or other force majeure events could adversely affect our ability to meet customer delivery schedules, resulting in loss of revenue and customer confidence.

5. Compliance with Environmental, Social and Labour Regulations

We are subject to stringent environmental, labour, occupational health and safety, and social compliance regulations in India and compliance standards imposed by our international customers. Any failure to comply with applicable environmental laws, labour regulations, or customer-mandated compliance standards could result in penalties, suspension of operations, loss of customer contracts, reputational damage, and adverse impact on our business and financial condition.

6. Working Capital Management

We operate with a relatively long cash conversion cycle, spanning from raw material procurement to shipment and eventual realization of receivables. This results in elevated working capital requirements, particularly during peak production periods or in the event of large order inflows. Any inefficiencies in working capital management may impact liquidity and increase financing costs.

7. Raw Material Price Volatility

Our major raw materials are cotton yarn, fabrics, and chemicals, are subject to significant price volatility driven by global commodity cycles and supply-demand dynamics. The Company may not always be able to fully pass on such cost increases to customers in a timely manner, which could lead to margin compression and adversely affect profitability.

8. Capacity Utilisation Risk

We operate with a high fixed cost structure due to its manufacturing infrastructure. Any under-utilization of capacity arising from order cancellations, seasonal demand fluctuations, or customer inventory adjustments may adversely impact operating leverage, thereby reducing profitability.

9. Key Management & Succession Risk

Our performance is dependent on the continued services of its key managerial personnel, including promoters and senior management such as merchandising and production heads. The loss of such personnel without adequate succession planning may disrupt operations, weaken customer relationships, and result in the loss of critical institutional knowledge.

10. Investment in Associate Company and Others

The Company has an investment in an Associate Company, Kitex USA LLC amounting to Rs 2,783.22 lakhs (March 31, 2024: Rs. 2,783.22 lakhs), which is incurring losses and has negative net worth as at March 31, 2025 as per the latest audited financial statements. Pursuant to the meeting of Board of directors held on February 14, 2025, approval was granted for the Scheme of Arrangement between Kitex Garments Limited (KGL) and the Company.

and their respective shareholders and creditors, in compliance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, providing for demerger of textile business division of the Company to KGL, awaiting regulatory approvals. In accordance with Indian Accounting Standard (Ind AS) 105 – Non-current Assets Held for Sale and Discontinued Operations, the net results of the Textile business division for the year ended March 31, 2025 have been disclosed separately as discontinued operations. Consequently, the Standalone Statement of Profit and Loss for the year ended March 31, 2025 pertains only to continuing operations, and the comparative figures for the year ended March 31, 2024 have been restated accordingly.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Name	Designation
1.	Sabu Meekamkunnel Jacob	Non-Executive Director
2.	Thomas Cherian	Whole Time Director
3.	Kalpathy Lekshmi Venkitanarayanan Narayanan	Non-Executive – Non-Independent Director
4.	Chenakkott Philipose Philipose	Independent Director
5.	Amprayil Kurien Mathew	Independent Director
6.	Sreedevi Puthenveetil	Whole Time Director

AUDITOR QUALIFICATIONS

In relation to details on the auditor's qualification, kindly refer to the Auditor's Report and Note (2.02.1) to the Standalone Financial Statements for the financial year ended March 31, 2025 of our Company.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION*

Name of Entity	Criminal Proceeding	Tax Proceeding	Statutory or Regulatory Proceeding	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations	Aggregate amount involved (₹ in Lakhs)*
Company						
By the Company	1	4	2	-	-	1,749.12
Against the Company	-	-	-	-	-	-
Directors						
By our Directors	6	-	-	-	-	-
Against our Directors	6	-	-	-	-	-
Promoters						
By Promoters	6	-	-	-	-	-
Against Promoters	6	-	-	-	-	-

*to the extent ascertainable.

†include those litigations having outstanding amount exceeding 5% of total turnover of the Demerged Company as on March 31, 2025.

*as certified by Independent Chartered Accountant vide their certificate dated May 25, 2026.

For KiteX Childrenswear Limited


Thomas Cherian
 Whole Time Director
 DIN: 02160432



Place: Kizhakkambalam
 Date: May 25, 2026



May 25, 2026

To
Kitex Childrenswear Limited
 Building No. 494, Kizhakkambalam,
 Vilangu P O, Aluva, Ernakulam,
 Kunnathunad, Kerala, India - 683561

Dear Sir/Madam,

Sub: Due Diligence Certificate on the accuracy and adequacy of disclosure of information pertaining to Kitex Childrenswear Limited in the format of abridged prospectus in relation to the Scheme of Arrangement between Kitex Childrenswear Limited ("Demerged Company" or "KCL") and Kitex Garments Limited ("Resulting Company" or "KGL"), and their respective shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme")

This is with reference to our engagement letter dated August 29, 2024 read with October 18, 2024 entered with Kitex Garments Limited ("KGL") for certifying the accuracy and adequacy of disclosure of information pertaining to Kitex Childrenswear Limited ("KCL") in the abridged prospectus prepared by KCL and forming part of the notice to the shareholders and unsecured creditors of KGL and unsecured creditors of KCL for seeking their approval to the Scheme.

The Scheme, inter alia, provides for:

- (i) the demerger of Demerged Undertaking of the Demerged Company into Resulting Company;
- (ii) the consequent issuance of the New Equity Shares by Resulting Company to the equity shareholders of the Demerged Company; and
- (iii) matters consequential or connected therewith; pursuant to Sections 230 to 232 of the Act and other applicable provisions thereof read with Section 2(19AA) of the IT Act (corresponding to Section 2(35) of the Income-tax Act, 2025) and the SEBI Scheme Circular.

Upon the coming into effect of the Scheme and with effect from the Appointed Date, the transfer by way of demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, and the consequent issue of New Equity Shares of Resulting Company by Resulting Company to the shareholders of the Demerged Company ("Demerger"), pursuant to Section 230 to 232 and other relevant provisions of the Act, in the manner provided for in the Scheme and in compliance with Section 2(19AA) of Income Tax Act, 1961 (corresponding to Section 2(35) of the Income-tax Act, 2025), and listing of the New Equity Shares of Resulting Company on the Stock Exchanges along with various other matters consequential or otherwise integrally connected therewith;

After the effectiveness of this Scheme, the Share Capital of (i) Resulting Company consisting of the fully paid up New Equity Shares of Resulting Company issued as consideration in terms of this Scheme, to the shareholders of Demerged Company, shall be listed on the Stock Exchanges in accordance with

SEBI Registration: INM00011179 CIN No.:
 U67120MH1965PLC086241
ICICI Securities Limited
 Registered Office:
 ICICI Venture House Appasaheb Marathe Marg,
 Prabhadevi, Mumbai - 400025, India
 Tel: (91 22) 6807 7100
 Website Address: www.icicisecurities.com



the provisions of SEBI Master Circular No. SEBI/HO/CFD/POD-2 /P/CIR/ 2023/93 dated June 20, 2023, as amended from time to time.

SEBI vide its circular no. SEBI/HO/CFD/SSEP/CIR/P/2022/14 dated February 4, 2022, read with SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("**SEBI Circular**") prescribed requirements to be fulfilled by listed entities when they propose a Scheme of Arrangement. The SEBI Circular, inter alia, provides that in the event a listed entity enters into a scheme of arrangement with an unlisted entity, the listed entity shall disclose to its shareholder's applicable information pertaining to the unlisted entity in the format specified for abridged prospectus as provided in Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("**SEBI ICDR Regulations**").

Further, the accuracy and adequacy of such disclosure of information pertaining to unlisted entity is required to be certified by a SEBI registered Merchant Banker.

Accordingly, we have been provided with the abridged prospectus of KCL ("**Abridged Prospectus**") as prepared by KCL for inclusion of the same in the notice to shareholders and unsecured creditors of KGL. The Abridged Prospectus will be circulated to the shareholders and unsecured creditors of KGL and unsecured creditors of KCL at the time of seeking their approval to the Scheme as a part of the explanatory statement to the notice.

Based on the information, documents, confirmation, representation, undertakings and certificates provided to us by KCL and KGL as applicable, along with discussions with their management, directors and officers, we certify that the information contained in the Abridged Prospectus of KCL is accurate and adequate in terms of the SEBI Circular on Disclosures in the abridged prospectus in accordance with Part E of Schedule VI of the SEBI ICDR Regulations.

The above confirmation is based on the information and documents provided by KCL and KGL, explanations provided by the management of KCL and KGL, as applicable and information available in public domain.

Wherever required, appropriate representations from KCL and KGL, as applicable, have also been obtained. This certificate is based on such information and explanations as are received or provided till the date of this Certificate. We have relied on the financials, information and representations provided to us on an as is basis and have not carried out an audit or investigation of such information.

Our scope of work does not constitute an audit or investigation for financial information and accordingly we do not express an opinion on the fairness of the financial information referred to in the Abridged Prospectus and have assumed that the same is complete and accurate in all material aspect on an as is basis. This Certificate is a specific purpose certificate issued in terms of and in compliance with the SEBI Circular and hence it should not be used for any other purpose or transaction. This certificate is not, nor should it be construed as our opining or certifying the compliance of the proposed Scheme of Arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction, except for the purpose expressly mentioned herein. For the purpose of this certificate, we have made no investigation of, and assume no responsibility for the title to assets or liabilities against the companies. It is inappropriate to use this certificate for any purpose other than the purpose mentioned above. We are not responsible for the unauthorized use of this certificate. We shall not assume any responsibility to any third party to whom this certificate is disclosed or otherwise made available except expressly

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UG7120MH1995PLC086241

ICICI Securities Limited

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Prabhadevi, Mumbai - 400025, India

Tel (91 22) 6807 7100

Website Address: www.icicisecurities.com



mentioned herein. In no event, we assume any responsibility to any third party to whom this certificate is disclosed or otherwise made available,

We express no opinion whatsoever and make no recommendation at all on the Company's decision to affect the scheme or how the holders of equity shares and/or secured and/or unsecured creditors should vote at their respective meetings held in connection with the proposed Scheme. We do not and should not be deemed to have expressed any views on any terms of the Scheme or its success. We also express no opinion, and accordingly accept no responsibility for or as to the price at which the equity shares of KGL will trade following the Scheme or as to the financial performance of KCL and KGL following the consummation of the Scheme. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders / investors should buy, sell or hold any stake in KGL or any of its related parties. We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out here in this certificate. In the ordinary course of business, ICICI Securities Limited and its affiliates are engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the ICICI Securities Limited may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

Yours Faithfully,
For **ICICI Securities Limited**



Name: Hitesh Malhotra
Designation: Vice President

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