

**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

Ref: KGL/SE/2024-25/FEB/04

February 14, 2025

BSE Limited Dept. of Corporate Services (Listing) 1 st Floor, New Trading Ring, Rotunda Building, P J Towers Dalal Street, Mumbai – 400 001, Maharashtra BSE Scrip Code : 521248	National Stock Exchange of India Ltd Listing Department, Exchange Plaza, 5 th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra NSE Symbol : KITEX
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Dear Sir/ Ma'am,

Sub: Scheme of Arrangement between Kitex Childrenswear Limited, Kitex Garments Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

Ref: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Kitex Childrenswear Limited (“KCL” or “Demerged Company”) has decided to demerge its ‘Textile Business Division’ and has engaged in discussions with Kitex Garments Limited (“KGL” or “Resulting Company”) in relation to the same.

The Board of Directors (“Board”) of KGL, after considering the recommendation and report of the Audit Committee and the Committee of Independent Directors, at its meeting held today, considered KCL’s proposal and have approved a “Scheme of Arrangement between Kitex Childrenswear Limited and Kitex Garments Limited and their respective shareholders and creditors”, in compliance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“Scheme”). The Scheme, inter alia, provides for demerger of the Textile Business Division of the Demerged Company into the Resulting Company (“Proposed Transaction”)

Post effectiveness of the Scheme, fully paid-up equity shares of the Resulting Company shall be issued to the eligible shareholders of the Demerged Company. The equity shares issued by the Resulting Company pursuant to the Scheme shall be listed on BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”), respectively, (BSE and NSE collectively, the “Stock Exchanges”), having nationwide terminal.



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The Scheme and the Proposed Transaction is, inter alia, subject to receipt of requisite approvals from statutory and regulatory authorities, including from the Stock Exchanges, the Securities and Exchange Board of India, the jurisdictional National Company Law Tribunal and the shareholders and creditors of the Demerged Company and the Resulting Company.

The Scheme as approved by the Board of the Company would be available on the website of the Resulting Company at www.kitexgarments.com post submitting the same with the stock exchanges.

Further details as required under Regulation 30 of SEBI (LODR) Regulations, 2015 read with SEBI Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated 13th July 2023 is enclosed herewith as Annexure I.

The said Board Meeting of the Company commenced at 10:20 A.M and concluded at 5:25 P.M

Kindly take a note of the same.

Thanking You

Yours faithfully,

For **Kitex Garments Limited**

Dayana Joseph

Company Secretary & Compliance Officer

Enclosure : As above



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Annexure I

Disclosure of information in relation to the Scheme pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015 read with the SEBI Circular dated July 13, 2023

Sl. No.	Particulars	Details
a)	Brief details of the divisions to be demerged	The Textile Business Division of the Demerged Company engaged in manufacturing, selling, exporting etc of children's garments and apparels and related services, activities, operations as a going concern.
b)	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year	The turnover of the Textile Business Division of the Demerged Company as on March 31, 2024 was Rs. 34,964.19 lakhs and forms 54.50% of the total turnover of the Demerged Company.
c)	Rationale for demerger	<p>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 of the Demerged Company and the Resulting Company believe the following benefits to accrue pursuant to the demerger of the Textile Business Division of the Demerged Company into the Resulting Company:</p> <ol style="list-style-type: none">The demerger would facilitate focused growth, operational efficiencies, business synergies and increased customer focus in relation to the Textile Business DivisionEach 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.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 utilization of resourcesFacilitating the pursuit of scale and independent growth plans (organically and inorganically) with more focused management, flexibility and liquidity for the shareholders;Insulating and de-risking the businesses from one another;



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		<p>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;</p> <p>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.</p>
d)	Brief details of change in shareholding pattern (if any) of all entities	<p>i. In the case of Demerged Company</p> <p>The Demerged Company will not undergo any change in equity shareholding pattern as a consequence of the effectiveness of the Scheme.</p> <p>ii. In the case of Resulting Company</p> <p>Upon the Scheme becoming effective, the Resulting Company will issue its fully paid-up equity shares to the eligible shareholders of the Demerged Company, in accordance with the Scheme.</p>
e)	In case of cash consideration - amount or otherwise share exchange ratio	<p>There is no cash consideration discharged under the Scheme.</p> <p>The consideration discharged under the Scheme is as follows:</p> <p>Upon the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, to each shareholder of the Demerged Company as follows:</p> <p>For every 100 (Hundred) equity shares of face and paid-up value of Rs 100/- (Indian Rupees Hundred only) each held in KCL/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 in KGL/the Resulting Company to be issued to the equity shareholders of the Demerged Company, whose name is recorded in the register of members and records of the depository as a member of the Demerged Company as on the Record Date</p> <p>The aforesaid share entitlement ratio has been arrived on the basis of Share Entitlement Ratio Report dated February 14, 2025 issued by Bansi S. Mehta Valuers LLP, Registered Valuer.</p>



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		Further, ICICI Securities Limited, an Independent SEBI registered Category – I Merchant Banker, vide its report dated February 14, 2025 has confirmed that consideration arrived by the registered valuer is fair.
f)	Whether listing would be sought for the resulting entity	The equity shares of the Resulting Company are already listed on BSE and NSE. The new equity shares to be issued by the Resulting Company to the equity shareholders of the Demerged Company as consideration under the Scheme, shall be listed and admitted to trading on BSE and NSE (having nationwide terminal), subject to the Resulting Company obtaining the requisite approvals from all the relevant authorities for the same.
g)	Name of the entity(ies) forming part of the amalgamation/merger/demerger	Kitex Childrenswear Limited (being the Demerged Company) and Kitex Garments Limited (being the Resulting Company)
h)	Whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;	The transaction is being undertaken at arms’ length basis. Further, the promoters of KGL/Resulting Company also form part of the promoters of KCL/ the Demerged Company.