

Date: September 29, 2023

The Manager
The Department of Corporate Services
BSE Limited
P. J. Towers,
Dalal Street, Mumbai - 400 001
Scrip Code - 540775

The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051
Symbol – KHADIM

Dear Sir / Madam,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Scheme of Arrangement, inter alia, between Khadim India Limited, KSR Footwear Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act') ['Scheme']

Further to our letters dated August 10, 2023, September 02, 2023 and September 27, 2023, we write to inform that, the Board of Directors of the Company ("the Board") at its meeting held today i.e., September 29, 2023, has subject to necessary statutory and regulatory approvals, considered and approved the Scheme of Arrangement between Khadim India Limited (the "**Company**" or "**Demerged Company**" or "**KIL**") and **KSR Footwear Limited** ("**Resulting Company**" or "**KFL**") and their respective shareholders and creditors, which inter alia provides for the demerger, transfer and vesting of the **Demerged Undertaking** (as defined in the Scheme) of the Company into the Resulting Company, on a going concern basis, and in consideration thereof, the Resulting Company shall issue its equity shares to the equity shareholders of the Company in the proportion as referred to in the **Annexure – I** hereto.

The Scheme is, inter alia, subject to receipt of approvals from the statutory, regulatory and customary approvals, including approvals from the BSE Limited, National Stock Exchange of India Limited (collectively referred to as 'Stock Exchanges'), jurisdictional National Company Law Tribunal and the shareholders and creditors (as applicable) of the companies involved in the Scheme.

Further details as required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") read with the SEBI Master Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 are given in the **Annexure-I**.

The Board Meeting commenced at 2:00 p.m. and concluded at 2:31 p.m.

Thanking You,

Yours faithfully,

For **Khadim India Limited**



Abhijit Dan
Company Secretary & Head - Legal
ICSI Membership No. A21358

Enclosed: As above

Required disclosures / details in respect of the Scheme pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023:

a. Brief Details of the division(s) to be demerged

The Division to be demerged or the Demerged Undertaking (as defined in the Scheme) shall mean and include the entire Distribution Business (as defined in the Scheme) of Khadim India Limited ('Demerged Company' or 'Company' or 'KIL'), as a going concern, including the business, assets, activities, operations and properties related to or pertaining to the Distribution Business of the Demerged Company.

Distribution business includes the Company's distribution segment which provides branded and affordable footwears in the mass footwear category catering to lower- & middle-income consumers in Tier I to Tier III cities. The distribution business operates through a network of 732 distributors (as on June 30, 2023) selling to multi-brand-outlets across India. This segment manufactures approximately 96% of the products of this category to have better control over quality, supply and cost.

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 Distribution Business, as on March 31, 2023, was ₹ 218.52 Crores and forms 33.10% of the total turnover of the Demerged Company.

c. Rationale for demerger

The Demerged Company has 2 (two) distinct businesses viz. (i) Retail Business and (ii) Distribution Business. The retail business operates through 848 retail stores (as on June 30, 2023) and caters to the middle and upper middle-income consumers, while the distribution business operates through a wide network of 732 distributors (as on June 30, 2023) selling to multi-brand-outlets across India and caters to lower and middle-income consumers. The transfer and vesting of the Demerged Undertaking (as defined in the Scheme) comprising of Distribution Business into KSR Footwear Limited ("Resulting Company" or "KFL") pursuant to this Scheme shall be in the interest of all concerned stakeholders including shareholders, customers, creditors, employees and general public, in the following ways:

- (i) The Demerged Undertaking and the Remaining Business (as defined in the Scheme) address different market segments with varied dynamics in terms of business strategy, customer set and distinct capital requirements. The transfer of the Demerged Undertaking into the Resulting Company will enable both the Demerged and the Resulting Company to focus on their activities in the respective segments. This would help to improve their competitiveness, operational efficiency, agility and strengthen their position in relevant markets.
- (ii) The nature of risk, competition, challenges, opportunities, market segment, target customer and business methods for the Distribution Business (as defined in the Scheme) is separate and distinct from the Remaining Business (as defined in the Scheme) carried out by the Demerged Company.



frontoffice@khadims.com



033-4009 0501



033-4009 0500



www.khadims.com

KHADIM INDIA LIMITED

CIN : L19129WB1981PLC034337

REGISTERED OFFICE : 7TH FLOOR, TOWER C, DLF IT PARK, 08 MAJOR ARTERIAL ROAD, BLOCK AF, NEW TOWN (RAJARHAT), KOLKATA - 700 156
CITY OFFICE : 7A, LINDSAY STREET, KOLKATA - 700 087

- (iii) The segregation of the business vertical shall enable them to move forward independently, with specialization building on their respective capabilities. It will also help to channelize resources required for all the businesses to focus on the growing businesses and attracting right talent and providing enhanced growth opportunities to existing talent in line with a sharper strategic focus on each business segment under separate entities.
- (iv) The Scheme will also enable the Demerged Company and the Resulting Company to focus and enhance their respective management structure ensuring better and more efficient management control.
- (v) Bifurcation of these businesses will enable unlocking value of each vertical thereby paving way for focused growth with a view to create significant stakeholder value, will attract distinct investor base and at the same time allow investors to allocate their portfolio into separate entities, focused on the distinct entities. Further, it will enable independent and distinct capital allocation approach and balance sheet management based on the distinct needs of each business.
- (vi) Thus, the demerger would help in achieving the desired operating structure and shall, inter alia, have following benefits:
- Create sector focused companies;
 - Attract business specific investors;
 - Streamline the management structure;
 - Unlock value for shareholders;
 - Ring-fence businesses from each other;
 - Better risk management, and
 - Better Management Bandwidth utilization

d. Brief details of change in shareholding pattern (if any) of all entities

- There will be no change in the shareholding pattern of the KIL pursuant to the Scheme.
- Upon this Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking from KIL to the Resulting Company in terms of this Scheme, the entire existing paid - up share capital of the Resulting Company shall be reduced and cancelled.

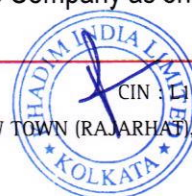
Resulting Company shall, issue and allot equity shares, to all the shareholders of KIL, holding fully paid-up equity shares on the Record Date (*as defined in the Scheme*), in the following manner:

'1 (One) equity share of the face value of INR 10/- each fully paid-up of the Resulting Company for every 1 (One) equity share of face value INR 10/- each fully paid up held in the Demerged Company.'

The entire post - demerger shareholding of the Resulting Company will be directly held by the shareholders of KIL proportionate to their shareholding on the Record Date in the Company post cancellation of the existing shares of the Resulting Company.

e. In case of cash consideration – amount or otherwise share entitlement ratio

No cash consideration is payable under the Scheme. For the demerger, transfer and vesting of the Demerged Undertaking of the Company into the Resulting Company on a going concern basis, the Resulting Company shall issue and allot on a proportionate basis to each shareholder of KIL whose name is recorded @ in the register of members and records of the depository as members of the Company as on the Record Date



(as defined in the Scheme), as under:

'1 (One) equity share of the face value of INR 10/- each fully paid-up of the Resulting Company for every 1(One) equity share of face value INR 10/- each fully paid up held by equity shareholders of the Demerged Company.' ('**Share Entitlement Ratio**')

Based on above share entitlement ratio, if any shareholder(s) is entitled to fractional shares, then such fractional shares shall be consolidated and issued to trustee(s) who shall sell such shares and the net sale proceeds will be distributed by the trustee(s) to such shareholders in proportion to their respective fractional entitlements, in accordance with SEBI Master Circular dated June 20, 2023.

The abovementioned share entitlement ratio has been arrived based on Share Entitlement Ratio Report dated September 29, 2023 of Mr. Vikram Kumar Singh, Registered Valuer. Further, a Fairness Opinion September 29, 2023 on the Share Entitlement Ratio is provided by Saffron Capital Advisors Private Limited, SEBI Registered Category-1 Merchant Banker.

f. **Whether listing would be sought for the resulting entity**

Yes, the equity shares to be issued by the Resulting Company shall be listed on the BSE Limited and the National Stock Exchange of India Limited.



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