

June 23, 2025

The Department of Corporate Services
BSE Limited
Ground Floor, P. J. Towers
Dalal Street, Fort
Mumbai – 400001
Scrip Code: 540775

National Stock Exchange of India Ltd.
Listing Department, Exchange Plaza,
Bandra- Kurla Complex
Bandra (E),
Mumbai – 400051
Symbol: KHADIM

Dear Sir / Madam,

Ref: Scheme of Arrangement for transfer of Distribution Business of Khadim India Limited to KSR Footwear Limited

Sub: Apportionment of Cost of Acquisition of Equity Shares of Khadim India Limited and KSR Footwear Limited

In connection with the Scheme of Arrangement between Khadim India Limited ('Demerged Company / KIL') and KSR Footwear Limited ('Resulting Company / KFL') and their respective shareholders and creditors for demerger of the Distribution Business of KIL into KFL, please find enclosed communication being issued for general guidance towards apportionment of cost of acquisition of the Equity Shares of KIL and the Equity Shares of KFL.

This guidance is only for information of the shareholders to enable them to compute the proportionate cost of acquisition of the Equity Shares of the Resulting Company and the cost of acquisition of the Equity Shares of the Demerged Company under the Income Tax Act, 1961.

You are requested to take the above on records.

Yours faithfully,

For Khadim India Limited

Group Company Secretary & Head – Legal

ICSI Membership No. – A21358

Encl: As above

**DEMERGER OF DISTRIBUTION BUSINESS - APPORTIONMENT OF COST OF ACQUISITION OF EQUITY
SHARES OF KHADIM INDIA LIMITED AND KSR FOOTWEAR LIMITED**

FOR THE KIND ATTENTION OF SHAREHOLDERS OF KHADIM INDIA LIMITED

Dear Shareholder(s)

Greetings!!

As you are aware that the Hon'ble National Company Law Tribunal, Kolkata Bench, vide its Order dated March 27, 2025 ('the Order') sanctioned the Scheme of Arrangement ('**Scheme**') for transfer of Distribution Business of Khadim India Limited ('**the Demerged Company**' or '**the Company**') to KSR Footwear Limited ('**the Resulting Company**').

The Scheme became effective on and from May 01, 2025 in terms of the provisions of the Scheme. Further, pursuant to the aforesaid Order and upon Scheme became effective, the entire Distribution Business (Demerged Undertaking) stands transferred from the Company and vested with the Resulting Company as a 'Going Concern' on and from April 01, 2025, being the Appointed Date as determined in terms of the said Scheme.

Accordingly, in terms of Clause 11.1 of the Scheme, the Resulting Company has on June 10, 2025 without any further application or deed, issued and allotted 1,83,78,382 Equity Shares of Rs. 10/- each to the Equity Shareholders of the Demerged Company whose name appears in the Register of Members of the Demerged Company as on the Record Date fixed for the purpose viz. June 07, 2025 in the following proportion:

"1 (One) fully paid up Equity Share of Rs.10/- each of the Resulting Company for every 1(One) fully paid up Equity Share of Rs.10/- each held in the Demerged Company."

We take this opportunity to confirm that Demerger as envisaged under the Scheme satisfies all the conditions relating to "Demerger" as defined under Section 2(19AA) and other applicable provisions (if any) of the Income Tax Act, 1961 ("the Act"). Thus, aforesaid issue and allotment of Equity Shares by the Resulting Company to the Equity Shareholders of the Demerged Company in consideration of Demerger of the Demerged Undertaking, shall not be regarded as transfer, in view of the provisions of Section 47(vid) of the Act and therefore, not taxable in the hands of Shareholders at this stage.

Accordingly, the Date of Acquisition, in respect to the above allotment of Equity Shares by Resulting Company to the Equity Shareholders of the Demerged Company, shall be deemed to be the date when the Equity Shares of Demerged Company were originally acquired by such Shareholders, as per Clause (g) of Explanation 1 to Section 2(42A) of the Act.

This circular is being issued only as the general guidance of the shareholders of the Demerged Company who have been issued Equity Shares by the Resulting Company for computing the proportionate cost of acquisition of the Equity Shares of the Resulting Company and the cost of acquisition of the original Equity Shares of the Demerged Company,

as per the provisions of Sections 49(2C) and 49(2D) of the Act, as and when the Equity Shares would be sold or otherwise transferred and Long/Short Term Capital Gain / (Loss) would be ascertained.

For the purpose of determining post demerger cost of acquisition of the Equity Shares of Khadim India Limited and the Equity Shares of KSR Footwear Limited, shareholders may apportion their total cost of acquisition of shares of Khadim India Limited in the following manner:

Name of the Company	Percentage of cost of acquisition of Equity Shares
Khadim India Limited (Demerged Company)	35.05%
KSR Footwear Limited (Resulting Company)	64.95%
TOTAL	100.00%

Please be advised that this communication is for general guidance to the shareholders and should not be construed as a substitute for any independent opinion that shareholders may obtain. Shareholders are advised to consult their own consultants to understand specific tax implications, in their respective cases. The concerned regulatory, statutory or judicial authority including the Assessing Officer/appropriate appellate authority could take a different view.

Khadim India Limited / KSR Footwear Limited take no express or implied liability in relation to this guidance and do not take the responsibility of updating this communication at any time in future.