FAIR SHARE ENTITLEMENT RATIO REPORT

for the proposed demerger of

Distribution Business

of

Khadim India Limited
(Demerged Company)

into

KSR Footwear Limited
(Resulting Company)

Through Scheme of Arrangement
under section 230-232 read with section 66 and other
applicable provisions of the Companies Act, 2013

VIKRAM KUMAR SINGH
Registered Valuer under IBBI (SFA)
Regn No - IBBI/RV/06/2019/11320
P6, Bangur Avenue, Block-A
Dutson Apartment, 2nd Floor
Kolkata – 700 055
M: +91 98 3091 5295
E: cavikramsingh@gmail.com

VIKRAM KUMAR SINGH
IBBI/RV/06/2019/
11320
REGISTERED VALUER

29th September 2023

To,
The Board of Directors and Audit Committee
Khadim India Limited
7th Floor, Tower C, DLF IT Park,
08 Major Arterial Road, Block - AF, New Town (Rajarhat), Kolkata – 700156

To,
The Board of Directors
KSR Footwear Limited
Flat No. 4A, 4th Floor, Kalyani Complex,
P-22, Block-A, Bangur Avenue,
North 24 Parganas - 700055

Sub: Recommendation of fair equity share entitlement ratio for the proposed demerger of the Distribution Business of Khadim India Limited ("KIL") and its transfer to and vesting into KSR Footwear Limited ("KFL") on a going concern basis pursuant to a Scheme of Arrangement between KIL and KFL and their respective shareholders and creditors under sections 230 to 232, 66 and other relevant provisions of the Companies Act, 2013 ("the Act").

Dear Sir/Madam,

I appreciate having been given the opportunity to recommend the fair equity share entitlement ratio for the proposed demerger of the Distribution business ("Demerged Undertaking") of Khadim India Limited ("KIL" or "Demerged Company") into KSR Footwear Limited ("KFL" or "Resulting Company") on a going concern basis pursuant to Scheme of Arrangement between KIL and KFL and their respective shareholders and creditors under sections 230 to 232, 66 and other relevant provisions of the Companies Act, 2013 ("the Scheme"). KIL and KFL shall hereinafter collectively be referred as "the Companies".

In accordance with engagement letter dated August 25, 2023, I am pleased to present herewith a report on the fair equity share entitlement ratio ("Report").

I have determined the fair equity share entitlement ratio for the proposed demerger as at date of this report ("Valuation Date"). A summary of the analysis is presented in the accompanying Report, as well as description of the methodology and procedure I used, and the factors I considered in formulating my opinion.

The "Fair Equity Share Entitlement Ratio" for the purpose of this report refers to the number of fully paid up equity shares of face value INR 10/- each to be issued by the Resulting Company to the equity shareholders of the Demerged Company as consideration for the proposed demerger of Distribution Business.

The fees for this report are in no way contingent upon the results of the findings. I have no responsibility to update this report for events and circumstances occurring subsequent to the date of this report.

This report is subject to the attached exclusions & limitations and to all the terms and conditions of the engagement letter and hence it should be read in its entirety. If you have any questions or require additional information, please do feel free to contact the undersigned.

Yours sincerely,

Vikram Kumar Singh

Vikram Kumar Singh,
Registered Valuer under IBBI
Regn No - IBBI/RV/06/2019/11320

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Encl: As above

1. Background of the Companies

1.1. Khadim India Limited ("Demerged Company")

Khadim India Limited ("Demerged Company") is a public company incorporated on December 03, 1981 under the provisions of the Companies Act, 1956, having Corporate Identification No. (CIN): L19129WB1981PLC034337 and registered office at 7th Floor, Tower C, DLF IT Park, 08 Major Arterial Road, Block - AF, New Town (Rajarhat), Kolkata – 700156.

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 (as on June 30, 2023) distributors selling to multi-brand-outlets across India and caters to lower and middle-income consumers.

The equity shares of the Demerged Company are listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The share capital of the Demerged Company as on 22nd September 2023 is as follows:

Particulars	Amount (in INR)
Authorised Share Capital 6,00,00,000 Equity Shares of INR 10/- each	60,00,00,000
Issued, Subscribed and Paid up Capital 1,79,69,614 Equity Shares of INR 10/- each	17,96,96,140

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid-up capital of the Demerged Company until the date of approval of the Scheme by the Board of the Demerged Company.

1.2. Demerged Undertaking- Distribution Business

"Demerged Undertaking" shall mean the Company's distribution segment which provides branded and affordable footwear 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. The distribution segment manufactures approximately 96% of the products of this category to have better control over quality, supply and cost.

1.3. KSR Footwear Limited ("Resulting Company")

KSR Footwear Limited ("Resulting Company") is a public company incorporated on 22nd August 2023 under the provisions of the Companies Act 2013 with an object to carry on the business of manufacturing and wholesaling of Footwear, having CIN - U46413WB2023PLC264443 and registered office Flat No. 4A, 4th Floor, Kalyani Complex, P-22, Block-A, Bangur Avenue, North 24 Parganas - 700055.

The Resulting Company is a Wholly-owned Subsidiary of the Demerged Company. However, post the Scheme is effective, the existing paid up equity share capital of the Resulting company shall stand reduced and cancelled pursuant to section 66 and other applicable provisions of the Companies Act, 2013 and the Resulting Company will issue fresh equity shares to the shareholders of the Demerged Company. Accordingly, the shareholders of the Demerged Company, are and will upon demerger, be ultimate economic beneficial owners of the Resulting Company in the same proportion as they hold in the Demerged Company and the Resulting Company will reflect a mirror shareholding as that of the Demerged Company.

It has also been informed by the management that the equity shares of the "Resulting Company" will be listed on BSE and NSE pursuant to the Scheme.

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The share capital of the Resulting Company as on 22nd September 2023 is as follows:

Particulars	Amount (in INR)
Authorised Share Capital 1,50,000 Equity Shares of INR 10/- each	15,00,000
Issued, Subscribed and Paid up Capital 10,000 Equity Shares of INR 10/- each	1,00,000

2. Purpose of Engagement

Based on discussions with the Demerged Company and the Resulting Company, I understand that the Demerged Company has proposed to transfer and vest the Demerged Undertaking comprising of its Distribution Business into the Resulting Company in accordance with the Scheme, and thus the fair share entitlement ratio of equity shares is required.

The appointment of the undersigned as Registered Valuer has been duly authorised/confirmed/ratified by the Board of Directors of the Demerged Company and the Resulting Company.

This Report and the information contained herein are strictly confidential and are intended for the sole use of the Companies in order to comply with sections 230 to 232 and other applicable provisions of the Companies Act, 2013, as well as applicable provisions and circulars issued by the Securities and Exchange Board of India ("SEBI") applicable to a scheme of arrangement. The results of valuation analysis and this Report may not be used or relied on by the Companies or any other person for any other reason.

3. Rationale of the Proposed Demerger

It is considered desirable and expedient to re-organise and reconstruct the Demerged Company by demerging its Distribution Business to the Resulting Company as part of an overall strategy for optimum management, growth and development of the Demerged Company's operations.

The transfer and vesting of the Demerged Undertaking comprising of Distribution Business into the Resulting Company pursuant to the Scheme shall be in the interest of all concerned stakeholders including shareholders, customers, creditors, employees and general public.

The Scheme is expected, inter alia, to result in the 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.

4. Scope of Work

The scope of work is to recommend a Fair Equity Share Entitlement Ratio for the proposed demerger of Demerged Undertaking of the Demerged Company into the Resulting Company through a scheme of arrangement, using ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India ("ICAI") and internationally accepted valuation methodology as per International Valuation Standards issued by International Valuation Standards Council ("IVSC").

This Report is my deliverable in respect of recommendation of fair equity share entitlement ratio for the proposed demerger.

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This Report is subject to the scope, assumptions, exclusions, caveats, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

5. Caveats, Limitations and Disclaimers

i. This Fair Share Entitlement Ratio Report has been issued on the specific request of the Demerged Company and the Resulting Company for Determining the Fair Share Entitlement Ratio for the said proposed Scheme of Arrangement in accordance with the Companies Act, 2013 and rules made thereunder and is required for filing the same with the jurisdictional National Company Law Tribunal, Stock Exchanges and SEBI. This Fair Share Entitlement Ratio Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without my prior written consent.

ii. This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of my engagement; and (ii) are based on the data detailed in section Sources of Information.

iii. I am provided with sufficient information and time to make my opinion for this valuation exercise. However, my opinion may change if any material information is not disclosed / hidden from me during this valuation exercise.

iv. I have no present or planned future interest in the Companies or any of their group companies. I do not have any financial interest in the Companies, nor do I have any conflict of interest in carrying out this valuation, from the date of the engagement letter till the date of this Report. I further state that I am not related to the Companies or their promoters, if any or their director or their relatives

v. My scope is limited to recommendation of the Fair Equity Share Entitlement Ratio. The Report should not be construed as, my opinion or certifying the compliance of the Proposed Demerger with the provisions of any law including the Companies Act 2013, Foreign Exchange Management Act, 1999, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from the Proposed Demerger.

vi. The final responsibility for the determination of Fair Share Entitlement Ratio at which the proposed demerger transaction shall take place will be with the board of directors who should take into account other factors such as their own assessments of the proposed demerger transaction and inputs of other advisors.

vii. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me, I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Companies. Nothing has come to my knowledge to indicate that the material provided to me was mis-stated or incorrect or would not afford reasonable grounds upon which to base my Report.

viii. I have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, I 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 I 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.

ix. The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Accordingly, I express no audit opinion or any other form of assurance on this information on behalf of the Companies. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due

VIKRAM KUMAR SINGH IBBI/RV/06/2019/ 11320 REGISTERED VALUER diligence or legal title search of the assets or liabilities of the Companies and have considered them at the value as disclosed by the Companies in their regulatory filings or in submissions, oral or written, made to me.

x. I assume that the companies fully comply with the relevant laws and regulations applicable in their areas of operations and unless otherwise stated, and that these companies will be managed in a component and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration to matters of regulatory, tax and legal nature, including issue of legal title and compliance, with local laws and litigation and other contingent liabilities that are not recorded in the audited/ unaudited financial statements of the companies.

xi. This report does not look into the business/ commercial reason behind the proposal transaction of demerger nor the likely benefit arising out of the same. Similarly, it does not address the relative merits of proposed transactions as compared with any other alternative business transaction or other alternative or whether or not such alternative could be achieved or are available. This report is restricted to recommendations for fair share entitlement ratio only. It's suitability and applicability for any other use has not been checked by the undersigned.

xii. An analysis of such nature is necessarily based on prevailing stock market, financial, economic and other condition in general and industry trends in particular as in effect on and the information made available to me as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.

xiii. I do not express any opinion/ recommendation. The shareholders are expected to exercise their own discretion.

xiv. The fee for this Fair Share Entitlement Ratio Analysis is not contingent upon the values reported herein. The Fair Share Entitlement Ratio Analysis contained herein is not intended to represent the value/ratio at any time other than the date that is specifically reported in this report.

xv. This Report is to be read in totality, and not in parts in conjunction with the relevant document referred to herein.

xvi. I will not be liable for any losses, claims, damage or liabilities arising out of the action taken, omissions or advise given by any other advisor to the companies. In no event, I shall be liable for any loss, damages, cost or expenses arising in any way from fraudulent act, misrepresentations or wilful default on the part of the companies, its directors, employees or agents. I do not accept any liability to any third party in relation of this report. In no circumstances the liability of myself, associate or employees relating to the service provided in connection with the engagement set out in this Fair Share Entitlement Report shall exceed the amount of fees paid for the assignment.

xvii. The Fair Share Entitlement Report should not be construed as investment advice. Moreover, the undersigned does not express any opinion on the suitability or otherwise of entering into the proposed transaction.

xviii. This Report is meant for a purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. Neither the Report nor its content may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Arrangement, without my prior consent except for disclosure to relevant regulatory authorities including Stock Exchanges, SEBI, and Ministry of Corporate Affairs.

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6. Sources of Information

For the purpose of arriving at the Share Entitlement Ratio, the following sources of information have been relied upon:

- Draft Scheme of Arrangement.
  Note:- The Management has informed that there would be no significant variation between the draft Scheme and the final scheme approved and submitted with the relevant authorities
- Latest Shareholding Pattern of Khadim India Limited & KSR Footwear Limited.
- Audited Financial Statements of Khadim India Limited as on 31st March 2023.
- Other relevant data and information provided to me by the representatives of the Companies either in written or oral form or in the form of soft copy of the Companies.
- MCA Databases and other relevant information and documents for the purpose of engagement; and
- Discussions with the management.

The companies have been provided with the opportunity to review the draft reports as a part of my standard practice to make sure that there are no factual inaccuracies/ omissions in the final report.

7. Valuation Approaches and Methodology

Given the nature of this activity, Fair Value has been considered as a Valuation Base. As the premise of value, I have considered Going Concern Value and "As is where is" Value to be applicable to the companies being valued.

From discussion with the management and on perusal of, draft Scheme of Arrangement, I understand that:

- The management of the listed Demerged Company is contemplating to demerge the Distribution Business.
- For the purpose of demerger, the Resulting Company has been newly incorporated as a Wholly-owned Subsidiary of the Demerged Company.
- However, post the Scheme is effective, the existing paid up equity share capital ("Pre- Demerger Equity Share Capital") of the Resulting company shall stand reduced and cancelled pursuant to section 66 and other applicable provisions of the Companies Act, 2013 and the Resulting Company will issue fresh equity shares to the shareholders of the Demerged Company.
- Accordingly, the shareholders of the Demerged Company as on the record date, are and will upon demerger, be ultimate economic beneficial owners of the Resulting Company in the same proportion as they hold in the Demerged Company. The Resulting Company will reflect a mirror shareholding as that of the Demerged Company and thereafter it will function as an independent listed company.
- As per paragraph (A)(4)(b) of Part I of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Master Circular"), a Valuation Report is not required in cases where there is no change in the shareholding pattern of the listed / resulting company.

The proposed demerger does not require a valuation report since there is no change in the shareholding pattern of the Demerged Company and the Resulting Company. Hence, I have not carried out the valuation of these entities under generally accepted valuation approaches.

Accordingly, considering the approach and the rationale for the fair equity share entitlement ratio discussed in para 7 above, the valuation approaches as indicated in the format (as shown below) as prescribed by circular number NSE/CML/2017 /12 of NSE and LIST /COMP/02/2017-18 of BSE have not been undertaken as they are not applicable in the instant case:

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Valuation Approach	Distribution Business of Khadim India Limited		KSR Footwear Limited	
	Value per Share of Khadim India Limited for Distribution Business	Weight	Value per Share	Weight
Asset Approach	NA	0%	NA	0%
Income Approach	NA	0%	NA	0%
Market Approach	NA	0%	NA	0%
Relative Value per Share	NA	0%	NA	0%
Exchange Ratio (Rounded Off)*		NA		

NA - Not Adopted/Not Applicable

8. Recommendation

Based on the foregoing, any share entitlement ratio can be considered for the aforementioned demerger because no shareholder's proportionate shareholding would change.

In light of the Resulting Company's desired capital structure, the Management of the Demerged Company and the Resulting Company has suggested a share entitlement ratio of *"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."*

Based on the forgoing and on consideration of all relevant factors and circumstances as discussed and outlined herein above, pursuant to the Scheme. The recommended Fair Share Entitlement Ratio is:

"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."

I believe that the above share entitlement ratio is fair and reasonable, given that all Demerged Company's shareholders will be the ultimate beneficial owners of the Resulting Company in the same ratio as they hold shares in the Demerged Company on the record date.

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