

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

EXIT OFFER LETTER

To The Equity Shareholders Of



SRI KANNAPIRAN MILLS LTD.

Registered Office & Mills: Post Bag No. 1, Sowripalayam, Coimbatore – 641 028

CIN: U17111TZ1946PLC000188 **Tel:** 0422-3019111 **Fax:** 0422-3019110

Email: gkk@kannapiran.co.in **Website:** www.kannapiran.co.in

Date: July 02, 2017

Dear Shareholder(s),

We are pleased to send this "Exit Offer Letter" to you, being the equity shareholder of Sri Kannapiran Mills Ltd. ("SKML" / "Company") pursuant to applicable provisions of SEBI Circular no. SEBI/HO/MRD/DSA/CIR/P/2016/110 dated October 10, 2016 (hereinafter referred to as 'SEBI Circular') in respect of companies moved to Dissemination Board of Stock Exchanges.

Exit Offer at a price of ₹150/- per equity share ('Exit Offer Price')

As you may be aware, the equity shares of the Company were listed on Madras Stock Exchange ("MSE"). The Company has been placed on the Dissemination Board ("DB") of National Stock Exchange of India Limited ("NSE" / "Stock Exchange") vide NSE Circular No. 6/2015 dated January 09, 2015.

We, Mr. K.G. Baalakrishnan, Mr. B. Sriamulu and Mr. B. Srihari (hereinafter referred to as the "Acquirers"), being the promoters of SKML, in terms of applicable provisions of SEBI Circular intend to provide an exit opportunity and have appointed Keynote Corporate Services Limited ("Keynote" / "Independent Valuer" / "Merchant Banker") a category I Merchant Banker and an empaneled Registered Valuer on NSE as Independent Valuer to carry out valuation of equity shares of the Company and carry out the process of "Exit Offer".

Presently, the Promoter and promoter group hold 32,42,518 equity shares of ₹10/- each representing 89.17% and the public shareholders hold 3,93,961 equity shares of ₹10/- each representing 10.83% of the total equity share capital.

Justification of Exit Offer price

The Acquirers have appointed Keynote as an 'Independent Valuer' for the purpose of determining the exit price of the equity shares of the Company. As per the valuation report dated June 13, 2017 submitted by Keynote, the fair value per equity share of face value ₹10/- each of SKML works out to ₹150/- (Rupees One hundred and Fifty only) per equity share of face value of ₹10/- each. The Fair Value has been arrived at by applying the Discounted Cash Flow Method ("DCF") and Market Adjusted Asset Valuation Method ("MAAV"). Based on the Valuation Report, the Acquirers are making an offer to acquire the equity shares from the public shareholders at an exit price of ₹150/- (Rupees One hundred and Fifty only) per equity share.

Rationale for making the Exit offer

There has been extremely limited or no 'trading' in equity shares of SKML on MSE or on DB of NSE in past many years. The public shareholding of the Company is 10.83% of the total equity share capital. The exit option offered is in the interest of the shareholders as they will have an exit opportunity and get a fair value for their equity shares.

In view of above, the Acquirers propose to acquire all the equity shares from the public shareholders representing 10.83% of total equity share capital by giving an exit opportunity at ₹150/- per equity share as determined in consultation with the Independent Valuer.

Offer Process

We hereby request you to kindly comply with the requirements as mentioned herein, to avail of the exit offer.

Tendering of Shares

- a) All Public Equity Shareholders are eligible to participate in this Exit Offer at any time during the tendering period of this offer.
- b) The Public Equity Shareholders who wish to tender their equity shares pursuant to this Offer will be required to send their application form in the manner specified in the Exit Offer Letter to Keynote Corporate Services Ltd ("Manager to the Offer"), in accordance with the instructions contained in the Exit Offer Letter and Application Form either by hand delivery or by registered post or by courier between 10.00 a.m. and 5.00 p.m. on any Working Day during the Tendering Period. The documents should not be sent to the Acquirers.
- c) Persons who have not received the Exit Offer Letter, may also tender their equity shares by downloading the Exit Offer Letter from the Company's Website (www.kannapiran.co.in) which would be available from five (5) days before opening of the offer.
- d) **Public Equity Shareholders are required to submit the following**
 - i. Duly completed and signed Application Form addressed to the Manager to the Offer,
 - ii. The Original Share Certificate(s),
 - iii. Valid transfer deed(s), and
 - iv. Such other documents as may be specified in the Application Form.

These documents shall be sent either by hand delivery on weekdays or by registered post to the Manager to the Offer at the below mentioned address, so as to reach on or before the closure of the tendering period i.e not later than **July 21, 2017** in accordance with the instruction specified in the Exit Offer Letter and the Application Form

Manager to the Offer
Keynote Corporate Services Ltd.

The Ruby, 9th Floor,
Senapati Bapat Marg, Dadar (West),
Mumbai – 400 028
Tel. No. +91-022-30266000-10
Email: mbd@keynoteindia.net
Contact Person: Ms. Saili Sonawane

In case of non-receipt of the duly completed Application Form, but receipt of other documents including the original share certificates, valid share transfer deeds, prior to the Closure of the Tendering Period i.e not later than **July 21, 2017**, the Acquirers may, in their sole discretion, deem the Equity Shares to have been accepted under the Offer.

Settlement

The payment for accepted equity shares will be made within fifteen (15) working days from the date of closure of this offer by way of pay order/demand draft/RTGS/NEFT or any other permitted electronic mode of transfer. In case of joint holders, payments will be made in the name of the first holder.

Public Equity Shareholders who opt to receive consideration through electronic means are requested to give the authorization for electronic mode of transfer of funds in the application form, provide the Magnetic Ink Character Recognition / Indian Financial System Code of their bank branch and enclose a cancelled cheque or a photocopy of a cheque associated with the particular bank account, along with the application form.

For Public Equity Shareholders who do not opt for electronic mode of transfer, payment consideration will be made by pay orders or demand drafts payable at par at places where the address of the Public Equity Shareholder is registered and will be dispatched to the shareholder(s) by registered post.

The Acquirers shall certify to the satisfaction of NSE that appropriate procedure has been followed for providing exit to public shareholders of the Company. Subsequently, NSE upon satisfaction shall remove the company from the dissemination board.

Liability of the Promoter Post Exit Offer :

The Acquirers of SKML are liable to acquire the equity shares of public shareholders who have not offered their shares under exit offer upto a period of one (1) year from the completion of the offer at the same price as determined by the Independent valuer.

Exit Offer Period

You may tender your application form with the accompanying documents to the Manager to the Offer at the above mentioned address on all working days during normal working hours (excluding public holiday) from July 10, 2017 to July 21, 2017 (both days inclusive).

Exit Offer Schedule

Date of Opening of Offer	Monday, July 10, 2017
Date of Closing of Offer	Friday, July 21, 2017
Last Date for Payment of Consideration	Thursday, August 10, 2017

If you seek any clarification/information in connection with this Exit Offer Letter you may please consult the Merchant Banker to the Offer at under mentioned address.

KEYNOTE

KEYNOTE CORPORATE SERVICES LTD.

The Ruby, 9th Floor, Senapati Bapat Marg,
Dadar (W), Mumbai – 400 028.
Tel : +91-022-30266000-10; Fax: + 91-022-30266088
Contact Person: Ms. Saili Sonawane
Email: mbd@keynoteindia.net
SEBI Registration No.: INM 000003606

Yours Sincerely,

Sd/-

K.G. BAALAKRISHNAN

Sd/-

B. SRIRAMULU

Sd/-

B. SRIHARI

Place: Coimbatore

Date: July 02, 2017

INSTRUCTION FOR TENDERING EQUITY SHARES UNDER THE EXIT OFFER

1. Please read the enclosed Exit Offer Letter carefully before filling this Application Form.
2. A shareholder / member desiring to tender shares is requested to complete the enclosed application form for Exit Offer (**the form**), in all respect.
3. The form shall be completed and signed by the shareholder. In case of joint holders, the form should be signed by all the shareholders in the order of their holding. The signature should match with the specimen signature registered with the Company. The form shall be rejected if the signature on the form does not match with the specimen signature registered with the Company. The form incomplete in any manner whatsoever shall be liable to be rejected.
4. A member may sign the form through an Attorney appointed specially for this purpose, in such case an attested true copy of the Power of Attorney should be attached to the form.
5. Shareholders should enclose the following:
 - Application Form duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose name(s) appears on the Share certificate(s) and in the same order in which their name(s) appear in the register of Shareholders and as per the specimen signature lodged with the Company;
 - Original Share certificate(s);
 - Valid Transfer Deed(s) duly signed as transferor(s) by the sole/joint Shareholder(s) in the same order and as per specimen signatures lodged with the Company and duly witnessed at the appropriate place. The Transfer Deed should be left blank, except for the signatures as mentioned above. A blank share transfer form is enclosed along with this Exit Offer Letter.
6. The shareholders may attach any additional document(s) with this application which they deem fit to supplement his/her application