

Form No SH.8
Letter of Offer

[Pursuant to Section 68 of the Companies Act, 2013 and Rule 17(2) of the Companies (Share Capital & Debentures) Rules, 2014]

SUB: Cash offer to buy-back 883996 fully paid-up Equity Shares of Rs.10/- (Rupees Ten only) each of the Company constituting 24% of the fully paid-up Equity Shares of the Company at the price of Rs.79/- (Rupees seventy nine only) per Equity share payable in cash for an aggregate amount of up to Rs 698.36 lakhs (Rupees six hundred and ninety eight lakhs and thirty six thousand only) being 17.21% of the fully paid-up Equity Share Capital and free reserves as per the Audited accounts of the Company for the year ended 31.03.2016 through the Tender Offer mechanism

1 (a)	Corporate Identity Number (CIN) of the company	U17111TZ1946PLC000188
(b)	Global Location Number (GLN) of the Company	Not applicable
2.(a)	Name of the Company	Sri Kannapiran Mills Limited
(b)	Address of the Registered Office of the Company	Post Bag no.1, Sowripalayam, Coimbatore - 641 028.
(c)	Email ID of the Company	info@kannapiran.co.in csd@kannapiran.co.in
(d)	Date of Incorporation	02.07.1946
3	Main division of industrial activity of the Company	The Company is engaged in Manufacturing of yarn.
	Description of the main division	The Company is also in the activity of trading of yarn
4	Particulars of Directors	
DIN	Full name	Designation
00002174	Mr K G Baalakrishnan	Chairman
00007132	Dr G Bakthavathsalam	Managing Director
00002560	Mr B Sriramulu	Managing Director
00002556	Mr B Srihari	Managing Director
00007931	Mr K N V Ramani	Independent Director
00002204	Mr A Velusamy	Director
00145437	Mr R Mahadevan	Independent Director
00051327	Mr V Arunachalam	Independent Director
5	Present Capital structure of the Company	
(a)	Authorized Capital of the Company (in Rs)	
(i)	Number of Equity Shares	6000000
	Nominal amount per equity share	10
	Total amount of Equity Share	60000000
(ii)	Number of Preference Shares	300000
	Nominal amount per preference share	100
	Total amount of Preference Share	30000000

(b)	Subscribed Capital of the Company (in Rs)		
(i)	Number of Equity Shares	3682880	
	Nominal amount per equity share	10	
	Total amount of Equity Share	36828800	
6	Details of last buy-back	NIL	
(a)	Date of completion of last buy-back	NIL	
(b)	Percentage of the Share Capital bought back to the total paid-up Share Capital and Free Reserves	NIL	
7	Amount as on 31.03.2016	Rs (in lakhs)	In %
(a)	Free reserves	3689.14	100
(b)	Proceeds out of fresh issue of any Shares or other specified securities	NIL	
(c)	Debt	NIL	
	Secured	NIL	
	Unsecured	NIL	
	Total	3689.14	100
8	Source of the buy-back would be	Free reserves	
9. (a)	Date of Board of Directors' Resolution authorizing buy-back of securities	09.07.2016	
(b)	Date of passing the Special Resolution	13.08.2016	
10	Shareholding of the Promoters and promoter group of the Company		
S.No.	Particulars	Equity Shares	
1	Number of Shares as on the date preceding to the date of Board Meeting in which the buy-back got approved	2798884	
2	Shares purchased during the period of 12 months preceding the date of Board Meeting approving buy-back	NIL	
3	Shares purchased during the period from date of Board Meeting approving buy-back till the date of Letter of Offer	NIL	
4	Maximum price paid for the Above	Not applicable	
5	Date on which the above maximum price was paid	Not applicable	
6	Shares sold during the period of 12 months preceding the date of Board Meeting approving buy-back	Not applicable	
7	Shares sold during the period from date of Board Meeting approving buy-back till the date of Letter of Offer	Not applicable	

8	Maximum price received for the above	Not applicable	
9	Date on which the above maximum price was received	Not applicable	
10	Balance of number of Shares held as on the date of Letter of Offer	2798884	
11	The Shareholding pattern before buy-back of Shares or other specified securities:	In Shares	In Percentage
S.No.	Category of security holders	Securities held before buy-back as on 31.03.2016	
1	Government (Central and State)	NIL	NA
2	Government Companies	NIL	NA
3	Public Financial Institutions / Insurance Companies	NIL	NA
4	Nationalized or other bank(s)	NIL	NA
5	Mutual Funds	NIL	NA
6	Venture Capital	NIL	NA
7	Foreign Holdings (Foreign Institutional Investors, Foreign Companies, Non-resident Indians, Foreign financial institutions or Overseas Corporate Bodies)	NIL	NA
8	Bodies Corporate (Not mentioned above) (Promoters)	519730	14.11%
9	Directors or Relatives of Directors (including Individual Promoters)	2279154	61.89%
10	Other top Fifty Shareholders (other than mentioned above)	427091	11.60%
11	Others	456905	12.40%
	Total	3682880	100%
	Total number of Shareholders - as at 31.03.2016	831	
12	Particulars of the securities authorized to be bought-back	Equity Shares of Rs.10/- each	
	Maximum Number of the shares or other securities	883996	
	Minimum Number of the shares or other securities	1	
	Nominal value per security	10	
	Total amount of buy-back (in Rs.Lakhs)	698.36	
	Percentage of total share capital and free reserves proposed to be bought back	17.21%	
13	Objective of the buy-back	<p>The Equity Shares of the Company were listed in Madras Stock Exchange and since the stock exchange surrendered their recognition due to non-fulfilment of certain criteria stipulated by SEBI, the Company's shares were placed in the Dissemination Board of the National Stock Exchange effective from 09.01.2015. The Company intends to provide exit opportunities to the existing Shareholders through this buy-back at a fair price in compliance with SEBI circular dated 17th April, 2015</p>	

14	Mode of buy-back	Tender Offer method against Letter of Offer from existing security- holders other than Promoters.
15	Article number authorizing buy-back	19B
16.(a)	Date of opening of the offer	22.08.16
(b)	Proposed completion date of buy-back	10.09.16
(c)	Proposed date of extinguishment of the certificates	14.09.16
17	Other terms and conditions of offer. if any	NIL
18	Expected capital structure post buy-back (assuming maximum securities bought back as per plan)	
(a)	Authorized capital of the Company (in Rs)	
(i)	Number of Equity Shares	6000000
	Nominal amount per equity share	10
	Total amount of Equity Share	60000000
(ii)	Number of Preference Shares	300000
	Nominal amount per preference share	100
	Total amount of Preference Share	30000000
(b)	Paid-up capital of the Company (in Rs)	
(i)	Number of Equity Shares	2798884
	Nominal amount per equity share	10
	Total amount of Equity Share	27988840
19	Expected capital structure post buy-back (assuming minimum securities bought back as per plan)	
(a)	Authorized capital of the Company (in Rs)	
(i)	Number of Equity Shares	6000000
	Nominal amount per equity share	10
	Total amount of Equity Share	60000000
(ii)	Number of Preference Shares	300000
	Nominal amount per preference share	100
	Total amount of Preference Share	30000000
(b)	Paid-up capital of the Company (in Rs)	
(i)	Number of Equity Shares	3682879
	Nominal amount per equity share	10
	Total amount of Equity Share	36828790
20.(a)	Debt to capital and free reserves ratio allowed to Company	2:1
(b)	Pre buyback debt to capital and free reserve ratio	1.48:1
(c)	Expected post buy-back debt to capital and free reserve ratio	1.79:1
(d)	Details of Government notification for the ratio higher than 2:1, if any	Not applicable

Attachments		
S.No.	Description	Attachments No.
1	Details of the Promoters of the Company	1
2	Declaration by Auditor(s)	2
3	Copy of the Board Resolution	3
4	Copy of the Notice issued under Section 68(3) along with the Explanatory Statement thereto	4
5	Audited financial statements of last three years	5
6	Buy-back details of last three years	6
7	List of Holding and Subsidiary Companies of the Company	7
8	Statement of Assets and Liabilities as on 31.03.2016	8
9	Statutory approvals received (if any)	9
10	Details of the auditor, legal advisors, bankers and trustees (if any)	10

Declaration		
<p>It is hereby declared that all the attachments and the information given in this form are true and correct to the best of my knowledge. Further declared that:</p> <p>(a) All requirements of Section 68(3) have been complied with.</p> <p>(b) No defaults are subsisting in repayment of deposits or interest payment there on, redemption of debentures or payment of interest thereon or redemption of preference shares or payment of dividend to any shareholder or repayment of any term loan or interest payable thereon to any financial institutions or banking company and the Company is not prohibited for buy-back by operation of law within the meaning of Section 70 of the Act:</p> <p>(c) The Board of directors has made a full enquiry into the affairs and prospects of the Company and that they have formed the opinion :</p> <p>i) as regards its prospects for the year immediately following the date of the Letter of Offer that, having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and</p> <p>ii) in forming their opinion for the above purposes, the directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 2013 (including prospective and contingent liabilities)</p>		
DIN	Name	Designation
00002560	Mr B Sriramulu	Managing Director
00002556	Mr B Srihari	Managing Director
Date:	16.08.2016	

Attachment -1-Details of the Promoters and promoter group of the Company

S.No.	Name	Number of Shares
1	Mr KG Baalakrishnan	507375
2	Mrs B Sathyabama	280742
3	Mr B Srihari	175368
4	Mr B Sriramulu	175040
5	Mrs Deepika Karthikeyan	800
6	Master Pranav Ram	105702
7	Baby Aadya Srihari	105374
8	Mrs T Anandhi	134285
9	Mr Sailendra	73228
10	Ms Nikethana Thulasidharan	73228
11	Dr G Bakthavathsalam	151607
12	Mrs B Dhanalakshmi	26550
13	Mr B Ashok	32000
14	Mrs R Vasanthi	31680
15	Mrs B Dhanalakshmi	16000
16	Dr G Bakthavathsalam	19616
17	Dr G Bakthavathsalam	19600
18	Mr G Kannappan	17981
19	Mr G Ramaswamy	99333
20	Mrs R Shantahmani	35488
21	Mr G Ramaswamy	28000
22	Mr G Vijayakumar	9673
23	Mr D Balasundaram	59168
24	Mr D Balasundaram	10
25	Mrs B Amirthalakshmi	97606
26	Mrs B Neelaveni	900
27	Crocodile (India) Private Limited	500000
28	G R V Investments Private Limited	350
29	G V Investments Private Limited	350
30	G K Investments Private Limited	300
31	Sri Selvavinayagar Investment Private Limited	1792
32	Sri Ranganathaswamy Investment Private Limited	1400
33	Sree Manneswaraswamy Investments Private Limited	800
34	Coimbatore Capital Limited	150
35	KG Fabriks Limited	10000
36	K G Denim Limited	4588
	Total	2798884

Attachment-2-Declaration by Auditor(s)

The text of the report dated 09.07.2016 received from M/s M S Jagannathan & Visvanathan, Chartered Accountants, the statutory auditors of the Company addressed to the Board of Directors of the Company is reproduced below:

We have been informed that the Board of Directors of Sri Kannnapiran Mills Limited ("the Company") having its Registered Office at Post Bag No.1, Sowripalayam, Coimbatore – 641 028 in their meeting held on the 18th June 2016, has decided to buy-back the company's shares as allowed under Section 68(2)(c) of the Companies Act, 2013.

In this connection as required by Rule 17(1)(n) of Companies (Share Capital And Debentures) Rules, 2014 and in accordance with the request letter received from the Company, we report that:

a) We have inquired into the Company's state of affairs in relation to its audited financial statements for the year ended 31st March, 2016 as approved by the Board of Directors at its meeting held on 18th June, 2016.

b) The amount of permissible capital payment towards buy-back of equity shares in question as ascertained below, has been properly determined in accordance with Section 68 (2)(c) of the Companies Act, 2013 as follows:

A. Maximum Amount Permitted for Buy-Back

Rs. lakhs

Particulars	Amount
Paid-up Equity Share Capital as at 31.03.2016 (A) (equity shares of Rs.10/- each) - (Refer note 1)	368.30
Free Reserves as at 31.03.2016 - (Refer note 2)	
- Surplus in Statement of Profit and Loss	
- General Reserves	3689.14
Total Free Reserves (B)	3689.14
Total (A + B)	4057.44
Maximum amount permissible for the buy-back (i.e., upto 25% of total paid-up equity capital and free reserves)	1014.36

Note:

- Based on audited financial statements of the Company as at and for the year ended March 31, 2016.
- Free Reserves are as per clause 43 of Section 2 and Explanation II to Section 68 of the Companies Act, 2013.

Maximum Paid up Equity share Capital for Buy-back

Rs. lakhs

Particulars	Amount
Total Paid up Equity Share Capital as at 31.03.2016	368.30
Maximum Permissible Buy-back of Paid up Equity Share Capital (25% of Paid up Equity Share Capital) in a financial year	92.07

Based on the representations given by the Management and according to the information and explanations given to us, the Board of Directors in their meeting held on 18th June, 2016 formed their opinion, as specified in Rule (17)(1)(rn) of Companies (Share Capital And Debentures) Rules, 2014 on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of Board Meeting held on 18th June, 2016 and we are not aware of anything to indicate that the opinion expressed by the directors in the declaration in this connection is unreasonable in all the circumstances.

As per Rule 17(1)(n)(iii) of Companies (Share Capital And Debentures) Rules, 2014, we report that the audited accounts on the basis of which calculation with reference to buy-back is done is not more than six months old from the date of the offer document.

We conducted our verification in accordance with the Guidance Note on Audit Reports and Certificates issued for Special Purposes issued by the Institute of Chartered Accountants of India. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information. We have not performed an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items thereof for the purposes of this report.

This report has been issued solely in connection with the proposed buy-back of Equity Shares of the Company as required by Rule 17(1)(n) of Companies (Share Capital And Debentures) Rules, 2014 and is not to be issued for any other purpose.

For M S Jagannathan & Visvanathan
Chartered Accountants

Attachment-3 Copy of the Board Resolution passed at the Board meeting

Amendment of Articles of Association - 18.06.2016

RESOLVED THAT subject to the approval of the shareholders the Articles of Association of the company be amended to include clauses providing for adoption of Table F of the Schedule I to the Companies Act, 2013 to the extent they are not in conflict with the explicit regulations provided for in the Articles of Association of the company and for providing a clause enabling buy back of shares by the company as permitted under the Companies Act, 2013.

Buy back of Shares - 09.07.2016

RESOLVED THAT pursuant to the provisions of Article 19B of the Articles of Association of the Company, Table F of Schedule I to the Companies Act, 2013 (subject to approval of the shareholders for the amendment of the Articles of Association) and in accordance with the provisions of Sections 68, 69 and 70 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), for the time being in force as also such other approvals, permissions and sanctions of such authorities, institutions or bodies (the "appropriate authorities") as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall be deemed to include the "Buyback Committee" which the Board has authorized to exercise its powers, including the powers conferred by this resolution), the consent be and is hereby accorded to purchase by way of buyback offer up to 883996 fully paid-up Equity Shares of Rs.10/- each of the Company constituting 24% of the fully paid-up Equity Share capital of the Company at a price of Rs.79/- (Rupees seventy nine only) per equity share payable in cash for an aggregate amount of up to Rs.698.36/- lakhs (Rupees six hundred and ninety eight lakhs and thirty six thousand only) being 17.21% of the fully paid-up Equity Share capital and free reserves as per the audited accounts of the Company for the year ended 31.03.2016 through the Tender Offer mechanism against letter of offer (hereinafter referred to as the "Buyback"):

RESOLVED FURTHER to approve the draft notice of postal ballot together with the annexures thereto and to authorise Mr KG Baalakrishnan, Chairman to sign the same and carry out all incidental activities in connection with the same:

RESOLVED FURTHER THAT the Company may implement the Buyback up to 25% of its paid-up Equity Capital and free reserves of the Company as per the approval granted by way of this resolution pursuant to Section 68 of the Companies Act, 2013.

RESOLVED FURTHER THAT the draft of the Declaration of Solvency prepared in the prescribed form and placed before the meeting be and is hereby approved and Mr B Srihari, Managing Director and Mr A Velusamy, Director be and are hereby authorized to sign the same, for and on behalf of the Board and file the same with the Registrar of Companies.

RESOLVED FURTHER THAT the proposed Buyback be implemented from the existing shareholders other than those who are Promoters from out of its free reserves and/or Share Premium Account and/or cash balances and for internal accruals and/or such other sources or by such mechanisms as may be permitted by Law and on such terms and conditions as the Board may decide from time to time, and in the absolute discretion of the Board, as it may deem fit;

RESOLVED FURTHER THAT Company shall not use borrowed funds, directly or indirectly, whether secured or unsecured, of any form and nature, from Banks and Financial Institutions for paying the consideration to the equity shareholders who have tendered their equity shares in the Buyback Offer.

RESOLVED FURTHER THAT Company has complied and shall continue to comply with Section 70 of the Companies Act, 2013, "the Act" wherein :-

(a) It shall not directly or indirectly purchase its own shares through any subsidiary company including its own subsidiary companies or through any investment company or group of investment companies.

(b) There are no defaults subsisting in the repayment of deposits or interest, redemption of debentures or preference shares or payment of dividend to any shareholder, or repayment of term loans or interest payable thereon to any financial institutions or banks.

(c) it has complied and will continue to comply with Sections 92, 123, 127 and 129 of the Companies Act, 2013.

RESOLVED FURTHER THAT confirmation is hereby made by the Board of Directors that:

a) All Equity Shares of the Company are fully paid up;

b) That the aggregate amount of the Buyback i.e., Rs.698.36 lakhs (Rupees six hundred and ninety eight lakhs and thirty six thousand only) does not exceed 25% of the total paid-up capital and free reserves as per the audited balance sheet as on 31.03.2016;

c) That the number of Shares proposed to be purchased under the Buyback i.e., 883996 Equity Shares, does not exceed 25% of the total number of Shares in the paid-up Equity Capital as per the audited balance sheet as on 31.03.2016;

d) That there are no defaults subsisting in the repayment of Deposits, redemption of debentures or Preference Shares or repayment of term loans to any financial institutions or banks;

e) That the debt equity ratio of the Company after the buyback will be well within the limit of 2:1 as prescribed under the Act.

RESOLVED FURTHER THAT based on such full inquiry conducted in to the affairs and prospects of the Company and taking into account all the liabilities including prospective and contingent liabilities payable as if the Company were being wound up under the Act, the Board of Directors has formed an opinion that:

a) Immediately following the date of the Board meeting held on 09.07.2016 and the date on which results of the postal ballot will be declared, there are no grounds on which the Company can be found unable to pay its debts;

b) As regards the Company's prospects for the year immediately following the date of the Board meeting held on 09.07.2016 and the date on which results of the postal ballot will be declared, and having regard to the Board's intention with respect to the Management of Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and

c) In forming an opinion as aforesaid, the Board of Directors have taken into account the liabilities (including prospective and contingent liabilities), as if the Company were being wound up under the provisions of the Act.

RESOLVED FURTHER THAT the buyback is being proposed in complying with SEBI circular dated 17.04.2015 and also to provide exit options to the willing shareholders and the buyback would lead to reduction in total number of Equity Shares:

RESOLVED FURTHER THAT Mr M.R.L. Narasimha, Practising Company Secretary, be appointed as scrutiniser for conducting the postal ballot process in a fair and transparent manner.

RESOLVED FURTHER THAT the powers of the Board in respect of buyback be and is hereby delegated to the Buyback Committee ('BBC') comprising of Mr B Srihari, Managing Director, Mr A Velusamy, Director and Mr G Krishnakumar ("Members of the Committee"). The BBC be and is hereby authorized to take all necessary actions for executing the actions relating to the Buyback as above;

RESOLVED FURTHER THAT the BBC be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper, including but not limited to finalizing the terms of buyback like the aggregate amount to be utilized for the buyback including the price and the number of Shares to be bought back within the statutory limits, the mechanism for the buyback, the time frame for completion of the buyback, escrow arrangements, opening bank accounts for this purpose and authorizing persons to operate the said account, appointment of brokers, escrow agents, printers, solicitors, scrutinizer and such other intermediaries/agencies for the implementation of the Buyback and carry out incidental documentation and to prepare applications and submit to the Appropriate Authorities for their requisite approvals as also to initiate all necessary actions for the preparation and issue of various documents including public announcement, draft and final letter of offer, declaration of solvency, extinguishment of Shares and certificate of extinguishment required to be filed in connection with the Buy-back on behalf of the Board:

RESOLVED FURTHER THAT the BBC be and is hereby authorized to affix the Common Seal of the Company on relevant documents required to be executed for the buyback of Shares in accordance with the provisions of Article 19B of the Articles of Association of the Company;

RESOLVED FURTHER THAT Mr G Krishnakumar be and is hereby appointed as the Compliance Officer for the Buyback:

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the BBC is hereby authorized to give such directions as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise in relation to the Buyback;

RESOLVED FURTHER THAT the Calendar of event for the aforesaid proposal as placed before the Board and initialled by the chairman for the purpose of identification be and is hereby approved.

RESOLVED FURTHER THAT confirmation is hereby made by the Board of Directors that:

a) the Company shall not issue and allot any equity shares including by way of bonus or convert any outstanding instruments into equity shares, till the date of closure of this Buyback; and

b) the Company shall not buy back its shares from any person through negotiated deal whether on or off the stock exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback.

RESOLVED FURTHER THAT as per the provisions of Section 68(8) of the Act, the Company will not issue fresh Equity Shares within a period of six months after the completion of the buyback except by way of bonus Shares or Shares issued in the discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of Preference Shares or debentures into Equity Shares;

RESOLVED FURTHER THAT nothing contained herein shall confer any right on any shareholder to offer and / or any obligation on the Company or the Board or the BBC to buyback any Shares and / or impair any power of the Company or the Board or the BBC to terminate any process in relation to such buyback, if so permissible by Law;

RESOLVED FURTHER THAT the Company does maintain a register of securities bought back wherein details of Equity Shares bought back, consideration paid for the Equity Shares bought back, date of cancellation of Equity Shares and date of extinguishing and physically destroying of Equity Shares and such other particulars as may be prescribed, shall be entered and that Mr A Velusamy, Director of the Company be and is hereby authorised to authenticate the entries made in the said register;

AND RESOLVED FURTHER THAT any of the Directors of the Company for the time being, be and are hereby severally authorized to furnish a copy of this Resolution certified as true to the relevant Authority(ies)."

Attachment - 5 Audited financial statements of last three years**(a) Statement of Profit and Loss Account:**

Rs in Lakhs

Year ending	March 31, 2016	March 31, 2015	March 31, 2014
Total revenue	16934.68	18534.94	176 58.03
Expenses	15959.17	17855.38	17613.29
Profit before tax	975.51	679.57	44.73
Tax	304.60	198.82	(3.56)
Profit after tax	670.91	480.75	48.29
Earnings per share (in Rs)	12.94	10.14	1.31

(b) Balance Sheet

Rs in Lakhs

As at	March 31, 2016	March 31, 2015	March 31, 2014
Share Capital	368.30	368.30	368.30
Reserves and Surplus	3689.14	3018.22	2576.59
Total Shareholders' Funds	4057.44	3386.52	2944.89
Non-Current Liabilities	2848.66	3600.25	3773.15
Current Liabilities	7530.79	7531.26	7245.18
Total Liabilities	14436.89	14518.03	13963.21
Non-current Assets	8399.61	8239.68	7366.56
Current assets	6037.28	6278.35	6596.65
Total Assets	14436.89	14518.03	13963.21

(c) Cash Flow Statement

Rs in Lakhs

Year ending	March 31, 2016	March 31, 2015	March 31, 2014
Profit before Tax	975.51	679.57	44.73
Adjustments To Net income	915.93	1894.72	1577.49
Cash Flow From Operating Activities	1891.44	2574.29	1622.22
Net income tax paid	43.50	73.50	-96.72
Net cash flow from operating activities	1934.94	2647.77	1525.50
Cash flow from investing activities	-271.10	-1100.91	-412.85
Cash flow from financing activities	-1747.10	-1519.77	-1100.01
Net increase in cash & cash equivalents	-83.25	27.09	12.63
Cash and cash equivalents at the beginning of the year	295.15	268.06	255.43
Cash and cash equivalents at the end of the year	211.89	295.15	268.06

Attachment - 6 - Buyback details of last three years - NIL**Attachment - 7 - List of Holding and Subsidiary Companies of the Company - NIL**

Attachment - 8 - Statement of Assets and Liabilities as on 31.03.2016

a) BALANCE SHEET AS AT 31st March 2016

	Rs. In lakhs
Liabilities	
Share capital	368.30
Reserves & Surplus	3689.14
Net worth	4057.44
Non-current liabilities	
Long term borrowings	1839.13
Deferred Tax Liabilities (net)	820.51
Long Term Provisions	189.02
	2848.66
Current Liabilities	
Short term borrowings	3000.07
Trade Payables	2618.57
Other Current liabilities	1882.23
Short Term Provisions	29.92
	7530.79
Total	14436.89
Assets	
Non-Current Assets	
Fixed assets	
Tangible Assets	6998.53
Intangible Assets	0.15
Non-Current Investments	784.90
Long Term loans & Advances	487.59
Other Non-Current Assets	128.44
	8399.61
Current Assets	
Inventories	1504.29
Trade Receivables	2708.14
Cash & Cash equivalents	211.89
Short Term Loans & advances	1250.04
Other Current Assets	362.92
	6037.28
Total	14436.89

b) STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st March, 2016

Particulars	For the Year ended 31.03.2016 (Rs in Lakhs)
Revenue from operations (net)	16748.50
Other Income	186.18
Total Revenue	16934.68
Expenses:	
a) Cost of Materials consumed	5342.01
b) Purchase of stock in trade	1239.49
c) Changes in value Inventories	111.77
d) Power and Fuel	2579.25
e) Employee benefit expenses	2762.49
f) Finance Cost	1038.07
g) Depreciation and amortization	442.21
h) Other Expenses	2443.89
Total Expenses	15959.17
Profit before Tax	975.51
Tax Expenses	
Current Tax (MAT)	-198.83
Less : MAT Credit Entitlement	194.18
Deferred Tax (Asset) / Liability (Net)	-299.94
Profit for the year	670.91
Earnings per share (Basic & Diluted) [Face value of Rs.10/- each]	12.94

Attachment-9 Statutory approval

As of date, there is no statutory or regulatory approval required to implement the buy-back. If any statutory or regulatory approval becomes applicable subsequently, the buy-back will be subject to such statutory or regulatory approvals. In the event that the receipt of the statutory / regulatory approvals are delayed, changes to the proposed timetable, if any, shall be intimated to Shareholders.

Attachment -10 - Details of the Auditor & Legal Advisors, Bankers and Trustees (if any):

Auditors:

M/s M S Jagannathan & Visvanathan
Firm Regn. No. 001209S
(Old No.14/32C) New No.67A,
P & T Colony,
Kavundampalayam,
Coimbatore 641030.

Bankers:

Indian Bank
Coimbatore Main
Variety Hall Road
Coimbatore 641001

SRI KANNAPIRAN MILLS LIMITED

CIN : U17111TZ1946PLC000188

Registered Office: Sowripalayam, Coimbatore 641 028

Phone 0422 - 3019111 :: Fax 0422 – 3019110

Email: csd@kannapiran.co.in Website : www.kannapiran.co.in

SKML/2016-2017

16.08.2016

Dear Shareholder,

SUB : Cash offer to buy-back 883996 fully paid-up Equity Shares of Rs.10/- (Rupees Ten only) each of the Company constituting 24% of the fully paid-up Equity Share Capital of the Company at a price of Rs.79/- (Rupees seventy nine only) per Equity Share payable in cash for an aggregate amount of upto Rs.698.36 lakhs (Rupees six hundred and ninety eight lakhs and thirty six thousand only) being 17.21% of the fully paid-up Equity Share Capital and free reserves as per the audited accounts of the Company for the year ended 31.03.2016 through the Tender Offer mechanism against Letter of Offer

1. The Equity Shares of the Company were listed in Madras Stock Exchange and since the stock exchange surrendered their recognition due to non-fulfilment of certain criteria stipulated by SEBI the Company's Shares were placed in the Dissemination Board of the National Stock Exchange effective from 9th January, 2015. The Company intends to provide exit opportunities to the existing Shareholders through this buy-back offer at a fair price in compliance with SEBI circular dated 17th April 2015.
2. Pursuant to the provisions of Sections 68, 69 and 70 and other applicable provisions of the Companies Act, 2013 and in terms of Article 19B of the Articles of Association of the Company, the buy-back through a Tender Offer route, has been duly authorized by the Resolution passed by the Board of Directors of the Company at their meeting held on 9th July, 2016 and by the Special Resolution passed by the Shareholders through Postal Ballot on 13th August, 2016.
3. M/s. Indbank Merchant Banking Services Limited, a SEBI Registered Category I Merchant Banker was assigned the task of valuation of Shares for the proposed buy-back process, Based on their valuation (which considered factors including but not limited to, the Book Value, Earning Per Share, DCF value and impact on other financial parameters) and further considering relevant factors, the Directors have fixed the buy-back price of Rs.79/- per Share.
4. The buy-back will be implemented from the existing Shareholders, other than the Promoters of the Company.
5. The buy-back of Shares will not result in a change in control or otherwise affect the existing management structure of the Company.
6. Company confirms that there is no pending Scheme of Amalgamation or Compromise or Arrangement pursuant to any provisions of the Act.
7. The Letter of Offer in Form No. SH.8 along with the attachments and Application Form with instructions is enclosed for your information and immediate necessary action. The buy-back offer **opens on Monday, 22nd August, 2016 and closes on Saturday, 10th September, 2016. LAST DATE / TIME OF RECEIPT OF COMPLETED APPLICATION FORM: Saturday, 10th September, 2016 at 5.00 PM.**
8. The Letter of Offer (including the Application Form) will also be available at the website of the Company.
9. IN CASE OF NON-RECEIPT OF THE LETTER OF OFFER APPLICATION FORM:

A registered Shareholder may send an application in writing on a plain paper signed by all Shareholders stating name, address, folio number, number of Equity Shares held, certificate number, number of Equity Shares tendered for the buy-back and the distinctive numbers thereof, bank account particulars for payment of consideration, etc., enclosing the Original Share Certificate(s), copy of Shareholders PAN Card duly attested and other necessary documents. Shareholders must ensure that their Application form(s), along with the requisite documents, reach the Company before 5.00 P.M. on or before the date of closure of the buy-back.

10. PROCEDURE FOR TENDER OFFER:

- a) Registered Shareholders are required to enclose a copy of the PAN card (duly attested) and the Original Share Certificate(s) while submitting the Application Form(s).
- b) Shares held to the extent not accepted for buy-back will be returned to the beneficial owner after suitable subdivision, if any, in order to facilitate acceptance of share certificates tendered by them, through Registered Post, at the Shareholders sole risk.
- c) If the Company does not receive the documents listed above by 5.00 PM. on the date of closure of the buy-back, then, notwithstanding the receipt of the Share Certificates, the buy-back offer will be deemed to have been rejected by such Shareholder and the Share Certificates shall be returned to such Shareholder not later than 15.09.2016. Conversely, if the Share Certificates are not received by the Company by 5.00 P.M. on the date of closure of the buy-back, then, notwithstanding the receipt of the documents listed above by the Company by or before 5.00 P.M. on the date of closure of the buy-back, the buy-back Offer will be deemed to have been rejected by such Shareholder.

11. Settlement Procedure

The Company will pay the consideration to the Shareholders in respect of the Shares bought back within seven working days of completion of verification after the closing of the buy-back on 10.09.2016.

- a) The payment of consideration for accepted applications shall be made by the Company to the sole / first Shareholder. Payment shall be made electronically through NECS (subject to availability of all information for crediting the funds), Direct Credit, Real Time Gross Settlement, National Electronic Fund Transfer or through Demand drafts / Pay Order / similar instruments payable at par and the same shall be drawn in the name of the first named person in case of joint Shareholders. The instrument for such payment shall be sent by speed/registered post.
- b) All documents sent by Shareholders and all remittances to Shareholders will be at their own risk. Shareholders are advised to adequately safeguard their interests in this regard.

12. Tax Treatment of consideration payable to Shareholders pursuant-to the said buy-back.

- a) In accordance with the provisions of Section 115QA of the Income Tax Act, 1961, the tax on the consideration payable to Shareholders pursuant to the this buy-back would be computed and paid by the Company.
- b) In accordance with the provisions of Section 10(34A) of the Income Tax Act, 1961, the income arising to the Shareholders on account of this buy-back by the Company shall not be included in computing the total income of the Shareholder.

13. Kindly note that the relevant application form with enclosures should be forwarded only to the Company.

14. If you require any clarification about the action to be taken, you may contact Mr G Krishnakumar (Phone No.0422—3019111) the Compliance Officer of the Company.

Thanking you

Yours faithfully

For **Sri Kannapiran Mills Limited**

KG Baalakrishnan
Chairman
DIN : 00002174

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

BUY-BACK OPENS ON : **22.08.2016**
BUY-BACK CLOSES ON : **10.09.2016**

For Office Use

Inward No.	Date	Stamp

Status : Please tick appropriate box

☐ Individual ☐ Bank / FI ☐ Body Corporate ☐ Others

Telephone No : _____ Mobile No : _____

Email ID : _____

Date : _____

To
Board of Directors
SRI KANNAPIRAN MILLS LIMITED
Post Bag No.1, Sowripalayam,
Coimbatore - 641 028.

Dear Sirs,

SUB : Letter of Offer, dated 16.08.2016 to buy-back not exceeding 883996 Equity shares of SRI KANNAPIRAN MILLS LIMITED (the "Company") at a price of Rs.79/- (Rupees seventy nine only) per Equity Share (the "buy-back Offer Price") payable in cash.

1. I / We (having read and understood the Letter of Offer dated 16.08.2016) hereby tender / offer my / our Equity Shares in response to the buy-back on the terms and conditions set out below and in the Letter of Offer.
2. I / We authorise the Company to buy-back the Equity Shares offered (as mentioned below) and as a consequence to extinguish the Share Certificates.
3. I / We hereby warrant that the Equity Shares comprised in this Tender Offer are offered for buy-back by me / us free from all liens, equitable interest, charges and encumbrance.
4. I / We declare that there are no restraints / injunctions or other order(s) of any nature which limits / restricts in any manner my / our right to tender Equity Shares for buy-back and that I / We am / are legally entitled to tender the Equity Shares for buy-back.
5. I / We agree that the Company is not obliged to accept any Equity Shares offered for buy-back, where loss of Share Certificates has been notified to the Company.
6. I / We agree that the Company will pay the buy-back Price only after due verification of the validity of the documents and that the consideration may be paid to the first named Equity Shareholders.
7. I / We undertake to return to the Company any buy-back consideration that may be wrongfully received by me / us.
8. I / We undertake to execute any further documents and give any further assurances that may be required of expedient to give effect to my / our tender / offer and agree to abide by any decision that may be taken by the Company to effect the buy-back in accordance with the Companies Act, 2013 and the buy-back Regulations.
9. I / We authorize the Company to split the Share Certificate and issue new consolidated Share Certificate for the unaccepted Equity Shares in case the Equity Shares accepted by the Company are less than the Equity Shares tendered in the buy-back.

10. Details of Equity Shares held and Tendered / Offered for buy-back Offer:

	In Figures	In Words
Number of Equity Shares held as on Record Date		
Number of Equity Shares offered for buy-back		

11. Details of Share Certificates enclosed

S.No.	Regd. Folio No.	Share Certificate No.	Distinctive No(s)		No. of Shares
1					
2					
3					
4					
5					

In case the number of Regd. Folios and Share Certificates enclosed exceed 5 nos., Please attach a separate sheet giving details in the same format as above.

12. Details of other Documents (Please ✓ as appropriate, if applicable) enclosed

- ☐ Duly attested Power of Attorney
 ☐ Duly Attested Death Certificate
☐ Duly Attested Succession Certificate
☐ Duly Attested Permanent Account Number (PAN Card) (required for Non-Resident Shareholders)
☐ Corporate authorisations
 ☐ Others (please specify): _____

13. Details of Bank Account of the First / Sole Equity Shareholder to be incorporated in the consideration warrant. (to be mandatorily filled):

Name of the Bank _____
 Name of the Branch _____
 Address of the Branch _____
 City & Pincode _____
 Account Number _____
 Type of Account _____
 MICR No. (9 Digit Code No. appearing on the MICR band of the Cheque supplied by your Bank) _____
 IFSC Code (for RTGS/NEFT) _____
 Other code (if any) _____
 Mode of Payment (Please Tick) Electronic Physical

14. In order to avail NECS, the Shareholders are requested to submit the NECS mandate form duly filled in and signed while submitting the Form.

15. Equity Shareholders Details

	First/Sole Holder	Joint Holder 1	Joint Holder 2	Joint Holder 3
Full Name(s) of the Share Holder				
Signature(s)*				

PAN No. _____

Address of the First / Sole Equity Shareholder _____

Telephone No./ Email ID _____

***Affixing of Rubber Stamp is mandatory for Corporate** _____

	First/Sole Holder	Joint Holder 1	Joint Holder 2	Joint Holder 3
Signature(s)*				

_____ Tear along this line _____

Acknowledgement Slip : Sri Kannapiran Mills Limited - buy-back

(To be filled by the Equity Shareholder) (Subject to verification)

Regd. Folio No. : _____

Received from Mr. / Ms. / M/s. _____

Form of Acceptance-cum-Acknowledgement along with Equity Shares offered for buy-back

(In Figures) _____ (In Words) _____

Please quote Folio No. for all future correspondence.

STAMP OF COLLECTION CENTRE & DATE

INSTRUCTIONS :

1. This Offer opens on 22.08.2016 and closes on 10.09.2016.
2. This Application Form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in both Letter of Offer and Application Form.
3. Equity Shareholders who wish to tender their Equity Shares in response to this buy-back Offer should deliver the following documents, so as to reach before the close of business hours on or before 10.09.2016 by 5.00 P.M.
 - a) The relevant Application Form duly signed (by all Equity Shareholders in case shares are in joint names) in the same order in which they hold the shares.
 - b) Original Share Certificates.
 - c) Copy of Duly Attested Permanent Account Number (PAN) Card.
4. Equity Shareholders should also provide all relevant documents in addition to the above documents. Such may include (but not limited to):

- a) Duly attested Power of Attorney, if any person other than the Equity Shareholders has signed the relevant Application Form.
 - b) Duly attested Death Certificate / Succession Certificate, in case any Equity Shareholder has expired.
 - c) Necessary Corporate authorization, such as Board Resolutions etc., in case of Companies.
 - d) NECS Mandate form duly filled in and signed by the First / Sole Equity Shareholder (being Equity Shareholders) for receipt of consideration through NECS.
- 5. Equity Shareholders to whom the buy-back Offer is made are free to tender Equity Shares to the extent of their entitlement in whole or in part.
 - 6. It is mandatory for Equity Shareholders to indicate the Bank Account details to which the consideration would be payable at the appropriate place in the Application Form.
 - 7. All documents / remittances sent by or to Equity Shareholders will be at their own risk and the Equity Shareholders are advised to adequately safeguard their interests in this regard.

THE APPLICATION FORM WITH ENCLOSURES FOR BUY-BACK AND ALSO ALL FUTURE CORRESPONDENCE IN CONNECTION WITH THIS BUY-BACK OFFER SHOULD BE ADDRESSED TO THE COMPANY QUOTING YOUR FOLIO NUMBER.

ECS MANDATE

FOR EQUITY SHAREHOLDERS

REF. FOLIO No. :

Name of the Shareholder :

Address of Shareholder :

To

Unit : Sri Kannapiran Mills Limited

Dear Sirs,

RE : CASH PAYMENTS THROUGH NECS / NEFT / BANK MANDATE

I wish to receive my dividend / buy-back consideration amount and other cash proceeds electronically and accordingly, I give below the details of my Bank details, to which you may electronically credit the payment due to me against the reference Folio Number mentioned against point 1.

1. Ref. Folio No. :
2. Particulars of the Bank :
 - a. Name of the Bank :
 - b. Name of the Branch :
Branch Address :
 - c. MICR Code No (9 digits) :
 - d. IFSC Code No. (11 digits) :
 - e. CBSA/c No.* :
 - f. Account Type : Savings / Current / Cash Credit
 - g. Ledger Folio No. (If any) of your bank account :

I hereby declare that the particulars given above are correct and complete; I undertake to inform any subsequent changes in the above particulars from time to time. If the payment transaction is delayed or not effected at all for any reasons(s), beyond the control of the Company, I would not hold the Company responsible.

Telephone No. : _____

E-mail id : _____

Date : _____

Signature of the first holder

***Please attach a photocopy of your cheque featuring your new CBS Account Number**