

LETTER OF OFFER FOR BUY-BACK OF EQUITY SHARES OF

KANARA CONSUMER PRODUCTS LIMITED HAVING (CIN: U68100KA1962PLC001443)

[This Letter of Offer is in compliance with Rule 17 of the Companies (Share Capital and Debenture) Rules, 2014]

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer dated 3rd May 2024 (the "Letter of Offer") is being sent to you as a registered equity shareholder of **KANARA CONSUMER PRODUCTS LIMITED** (the "Company"), as on the Record Date, in accordance with the Companies (Share Capital and Debentures) Rules, 2014.

Offer for buy-back upto 23,69,230 (Twenty Three Lakhs Sixty Nine Thousand Two Hundred and Thirty Only) Equity Shares of the face value of Rs.10/- each fully paid up at an offer price of Rs.1,300 (Rupees One Thousand Three Hundred Only) per Equity Share from the existing shareholders representing up to 25% of Total Paid Up Equity Share Capital and Free Reserves of the Company through the Letter of Offer method.

1. The Offer and Buy-Back Price

KANARA CONSUMER PRODUCTS LIMITED hereby announces its intention to buy-back upto 23,69,230 (Twenty Three Lakhs Sixty Nine Thousand Two Hundred and Thirty Only) fully paid up equity shares of face value of `10/- each, representing about 25% of the total paid-up share capital and free reserves of the Company from the existing equity shareholders through the letter of offer, in full or on a proportionate basis in accordance with the Rule 17 of the Companies (Share Capital and Debenture) Rules, 2014 ("the Rules") at a price of Rs.1,300 (Rupees One Thousand Three Hundred Only) per equity share payable in cash, aggregating Rs.307,99,99,000 (Rupees Three Hundred and Seven Crores Ninety Nine Lakhs and Ninety Nine Thousand only) (hereinafter referred to as "The Offer Size").

2. Proposed Date and Time Tables

2.1 The Letter of Offer will be sent to those members of the Company who are registered as Equity Shareholders of the Company and those who are beneficial owners of shares as per the records of the Company as on the record date declared by the Company i.e. Tuesday, 21st May 2024.

2.2 The Special Resolution authorising the Buy-Back, passed by the members of the Company by postal ballot via e-voting is valid for twelve months from that date. The following timetable is proposed for the buy-back activities in accordance with the time limits under the Rules subject to variations in specific dates as may become necessary.

Sl.No	Activities	Date
1	Offer Opens	5 th June 2024
2.	Offer Closes	19 th June 2024
3.	Finalise acceptance/rejections & basis of acceptance	Within 2 working days from the date of the closure of the offer
4.	Dispatch of payment consideration instruments/ equity share certificates as the case may be	Within 7 days of acceptance
5.	Extinguishments of equity shares	Within 7 days of completion of payment

3. Authority for the Buy-Back

Pursuant to section 68 and other applicable provisions of the Companies Act, 2013, if any, the Rules and Article 77 of the Articles of Association of the Company, the present offer for buy-back of equity shares of the Company from the shareholders has been duly authorised by:—

- (a) a special resolution passed by the shareholders by postal ballot for the adoption of the clause 77 having provisions of Buy-Back of the shares of the company and approving the buy-back upto 23,69,230 (Twenty Three Lakhs Sixty Nine Thousand Two Hundred and Thirty Only) fully paid up equity shares of face value of Rs.10/- each;
- (b) a resolution passed by the Board of Directors of the Company (hereinafter referred to as "the Board") at their meeting held on 22nd February 2024 for approval of the Board for buyback of shares and on 3rd May 2024 for the approval of letter of offer and declaration of solvency;

4. Contents of the Explanatory Statement to the notice sent to the shareholders through postal ballot.

The Companies Act, 2013 and the Companies (Share Capital and Debenture) Rules, 2014 (hereinafter referred to as "the Rules") allow a Company to buy-back its shares subject to the conditions laid down therein. The proposed buy-back of shares by the Company is authorised by the Articles of Association of the Company, *vide* Article 77.

The explanatory features of the buy-back proposal are set out hereunder in pursuance of the said Rules.

1. Approval of the Board: The Board of Directors at their meeting held on 22nd February 2024 has considered and approved the proposal for buy-back of its equity shares of the Company.

2. Necessity for buy-back: The main objective of buy-back is to utilize a portion of the surplus cash to buy-back equity shares to improve intrinsic value. This offers a reasonably attractive exit option to those shareholders who wish to do so while ensuring that the buy-back price is value-enhancing to those shareholders who prefer to retain ownership of their stock. The equity shares of the Company are not listed on any stock Exchange, as such liquidity is presently not available to the shareholders due to lack of trading facilities in the shares. The Company intends to provide liquidity to the existing shareholders through this buy-back offer to help them to sell the shares at a reasonable price.
3. Class of the shares intended to be purchased: Equity Shares of Rs.10/- each fully paid up.
4. Amount to be invested under the buy back: The Company proposes to invest Rs.307,99,99,000 (Rupees Three Hundred and Seven Crores Ninety Nine Lakhs and Ninety Nine Thousand only) by way of consideration for purchasing of its upto 23,69,230 (Twenty Three Lakhs Sixty Nine Thousand Two Hundred and Thirty Only) Equity Shares of Rs.10/- each at a price of Rs.1,300 (Rupees One Thousand Three Hundred Only) per share.
5. Time Limit for Completion of Buyback: The buy-back will be completed as per the time schedule provided in Point No.2.2 above.
6. Method of buy-back: The buy-back process shall be initiated by inviting responses to letter of offer from the existing shareholders. In case the response to the letter of offer from the existing shareholders is received for more than 23,69,230 (Twenty Three Lakhs Sixty Nine Thousand Two Hundred and Thirty only) shares, the shares will be bought back on a proportionate basis. The special resolution set out in the notice seeks such approval from shareholders.
7. Price at which buyback shall be made: Rs.1,300 per share (Rupees One Thousand Three Hundred only).
8. The basis of arriving at the buy-back price: While fixing the price of Rs.1,300 (Rupees One Thousand Three Hundred Only) per share for buy-back, the Board of directors have taken into account the various factors such as the current and future earnings per share, return on equity, book value of shares, net worth and other relevant factors.
9. The maximum amount required under the buy-back and the sources of funds from which the buy-back would be financed: An amount of approximately Rs.307,99,99,000 (Rupees Three Hundred and Seven Crores Ninety Nine Lakhs and Ninety Nine Thousand only) is required to finance the buy-back of the Equity shares of the Company and the same is proposed to be financed out of the Profit and Loss account/free reserves account either partially or fully at the option of the Board.

10. (a) The aggregate shareholding of the promoter, directors of the promoters (where the promoters are the Company) and of persons who are in control of the Company as on the date of the notice of postal ballot 1,39,91,846 equity shares consisting of 94.01% of the issued, subscribed and paid up equity share capital of the Company is held by promoters and persons acting in concert with them are in control of the affairs of the Company.

(b) Aggregate number of equity shares purchased or sold by persons mentioned in (a) above during a period of twelve months preceding the date of the board meeting at which the buy-back was approved till the date of notice of the postal ballot:

Sl	Particulars	No of equity shares
1	Number of shares as on the date preceding to the date of board meeting in which the buy-back got approved	1,39,88,966
2	Shares purchased during the period of 12 months preceding the date of board meeting approving buy-back	2880
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	Rs.230 per share
5	Date on which the above maximum price was paid	3 rd March 2023
6	Shares sold during the period of 12 months preceding the date of board meeting approving buy- back	Nil
7	Shares sold during the period from date of board meeting approving buy-back till the date of letter of offer	Nil
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	1,39,91,846

11. The promoters of the Company, except **Jaya Sudhakar Pai and Sudhakar Pai, Sudhakar Pai (Trust Foundation) as a trustee and Jyothi Ashish Pradhan** have expressed their intention not to participate in the buyback and have submitted their consent for non-participation.
12. The Board of Directors do hereby confirm that the Company has not committed any defaults, in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.

13. The Board of Directors of the Company do hereby confirm that the Board has made a full enquiry into the affairs and prospects of the Company and that they have formed the opinion to the effect that the Company, after buy-back will continue to meet its liabilities and will not be rendered insolvent: The Board of directors based on full enquiry conducted into the affairs and prospects of the Company have formed the opinion—
- (a) that immediately following the date on which voting by postal ballot closes, there will be no grounds on which the Company would be found unable to pay its debts;
 - (b) that as regards its prospects for the year immediately following the date having regard to their intentions concerning 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 one year from that date, and
 - (c) that in forming their opinion for the above-said 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).
14. The Auditors of the Company M/s Nangia & Company LLP, Chartered Accountants has submitted a report dated 22nd February 2024 addressed to the Board of directors by the Company's Auditor on the permissible capital payment and the opinion formed by directors regarding insolvency to that effect that: —
- (i) they have inquired into the Company's state of affairs;
 - (ii) the amount of the permissible capital payment for the securities in question is in their view, properly determined;
 - (iii) the Special Condensed Financial Statements for the period ended December 31, 2023 based on which calculation with reference to buyback is not more than 6 months from the date of the offer document; and
 - (iv) the Board of Directors have formed the opinion as specified above 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 that date.
15. The ratio of the debt to capital and free reserves of the Company after buy-back: The ratio of the debt owed by the Company to its paid-up capital and free reserves as of 31st December 2023 is not more than twice the capital and free reserves after the buyback.
16. The shares bought back by the Company will be extinguished and destroyed within the stipulated time of seven days.
17. Further, the Company will not make further issue of equity shares within 6 months from the date of completion of the buy-back, except as provided in section 68 of the Companies Act, 2013.

The directors of the Company may be deemed to be concerned or interested in this resolution to the extent of buyback proceeds received from them with their PAC's (Person Acting in Concert), if any, and the number of shares offered by them in the proposed buyback of shares of the Company.

The Auditors' Report to the Board of Directors of the Company referred to above is available for the inspection of the shareholders on any working day of the Company between 10.00 a.m. and 3 p.m. noon.

5. Necessity for Buy-Back

- 5.1 The offer is expected to sustain and enhance the shareholder's value on a long-term basis. At the price offered, the buy-back is also expected to increase the earnings per share of the Company in future and augment shareholder value.
- 5.2 The company intends to return the shareholders a part of such surplus funds through a buy-back of equity shares at a price below the conservatively computed intrinsic value. This offers a reasonably fair exit option to those shareholders wishing to do so without hurting the interest of the shareholders who wish to continue to hold their equity shares.

6. Process and Methodology to be adopted for the Buy-Back

- 6.1 The Buy-Back offer is open to the registered shareholders of the Company. The letter of offer will be sent to the shareholders of the Company whose names appear on the Register of members of the Company or who are beneficial owners of equity shareholders as on Tuesday, 21st May 2024 being the record/specified date.
- 6.2 During the offer period, the shareholders holding shares in physical form and who intend to tender their equity shares in the buy-back offer, would be required to submit a duly filled-in Tender Form along with share certificates and other relevant documents as specified in the letter of offer to
Mr. Bhushan Chandratre,
Purva Sharegistry (India) Pvt. Ltd.
Unit no. 9 Shiv Shakti Ind. Estt.
J. R. Boricha marg Lower Parel (E)
Mumbai 400 011.
022-49614132
- The shareholders holding shares in demat form will have to submit the DIS form with their depository for the number of shares they intend to offer for buyback, to the DP/Client ID as given in the tender form.
- 6.3 In the event, that the equity shares tendered by shareholders at the offer price exceed the total number of equity shares offered to be bought by the Company 23,69,230 (Twenty Three Lakhs Sixty Nine Thousand Two Hundred and Thirty Only) equity shares, then the equity shares will be accepted on a proportionate basis as per the Regulations.
- 6.4 The equity shares submitted in physical form to the extent not accepted or rejected will be returned to the shareholders by registered post at the address of the first-named shareholder, at the sole risk of the shareholder.

7. Minimum and Maximum No. of securities that the Company proposes to buy back and sources of funds from which would be made and Cost of Financing the buy-back.

The shareholders have through postal ballot have approved a price of Rs.1,300 (Rupees One Thousand Three Hundred) per equity share for buy-back of upto 23,69,230 (Twenty Three Lakhs Sixty Nine Thousand Two Hundred and Thirty Only) equity shares of Rs.10/- each. The buy-back would involve an aggregate investment of Rs.307,99,99,000 (Rupees Three Hundred and Seven Crores Ninety Nine Lakhs and Ninety Nine Thousand only), presuming that all the 23,69,230 (Twenty Three Lakhs Sixty Nine Thousand Two Hundred and Thirty Only) equity shares are offered and accepted under the buy-back offer.

8. Brief information about the Company

8.1 The Company obtained a Certificate of Incorporation from the Registrar of Companies, Karnataka on 9th February 1962 in the name and Style of Karnataka Coir Products Limited, which was changed to Karnataka Consumer Products Limited w.e.f 9th October 1980, which was changed to Kurlon Limited w.e.f 8th December 1985 and this was subsequently the name of the company was changed to “ Kanara Consumer Products Limited” with effect from 14th June 2023 *vide* fresh certificate of incorporation consequent on change of name issued by the Registrar of Companies, Karnataka.

The Company is engaged in the business activities relating to

***** (A) THE OBJECTS TO BE PURSUED BY THE COMPANY ARE :-**

1. To carry on business as developers, Builders, Managers, Operators, hirers and dealers of all kinds of immovable properties, including but not limited to that of lands, buildings, farms, cinemas, hotels and cold stores and to carry on all incidental or allied activities and business as are usually carried on by Builders, Managers, Operators, Hirers and Dealers etc. of such properties and to carry on business as hirers of machinery;
2. To acquire, purchase, sell, lease, concession, grant licence or otherwise, such lands, buildings, real estate, minerals, waterworks plants, machinery, stock in trade, stores and spare parts, rights, privileges, easements and other property as may from time to time be deemed necessary for carrying on the business of the Company, and to build or erect upon any land of the Company howsoever acquired such manufacturing workshops, warehouse offices, residences and other buildings and to erect such roads, tramways, railways branches, or siding ways, bridges, water courses, hydraulic works;
3. To sell, lease, rent, grant licenses, easements and other rights over and in any other manner deal with or dispose of the undertaking, property, assets, rights and effects of the Company, or any part thereof for such consideration the Company may think fit;

4. To erect, build, construct, alter, equip, maintain or replace and to manage but not limited to buildings, factories, sheds, offices, warehouses, workshops, stores, dwellings, mills, shops, roads, tanks, waterworks and other works and conveniences which may seem necessary for the purpose of the Company;
5. To take or otherwise acquire and hold shares, stocks, debentures or other securities of or interests in any other Company having purposes altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company;
6. To form, incorporate or promote any Company or companies, whether in India- or in any foreign country having amongst its or their purposes the acquisition of all or any of the assets or control, management or development of the Company or any other purposes or purpose which in the opinion of the Company could or might directly or indirectly assist the Company in the management of its business or the development of its properties or otherwise prove advantageous to the Company and to pay all or any of the costs and expenses incurred in connection with any such promotion or incorporation and to remunerate any person or Company in any manner it shall think fit for services rendered or to be rendered in obtaining subscriptions for or placing or assisting to place or to obtain subscriptions for or for guaranteeing the subscription of the placing of any shares in the capital of the Company or any bonds, debentures, obligations or securities of the Company or any stock, shares, bonds, debentures, obligations or securities of any other Company held or owned by the Company or in which the Company may have an interest or in or about the formation or promotion of the Company or the conduct of its business or in or about the promotion or formation of any other Company in which the Company may have an interest;
7. To do all or any of the above things in any part of the world and either as principals, agents, trustees or otherwise, and either alone or in conjunction with others and by or through agents, sub-contractors, trustees or otherwise;
8. To carry on the business as manufacturers, producers, processors, distributor, wholesalers, retailers, stockiest, buyers, sellers, suppliers, agents, merchants, traders, importers, exporters, makers, preserving, packing material, prepare market, dealers of consumer goods including nutrition foods, nutraceutical food, vegetables, fruits or otherwise deal in food, meat, eggs, poultry, canned and tinned and processed foods, protein, health and instant foods of all kinds including baby and diabetic foods, cereals, beverages, cordials, tonics, restorative and aerated minerals water and foodstuffs and consumable provision of every description for human or animal consumption including dairy products.

9. To provide, develop, test, maintain, support & sell applications, software, hardware or programs cloud or non-cloud based, computing, consultancy, information processing and business advisory services related to the preparation and maintenance of the accounting, statistical, scientific or mathematical information and reports, data processing, preparing, collection and data of every kind and description, systems for aiding government, quasi government, public/private sector undertakings, public & private sectors enterprises, commerce, industry, scientific and research problems and for all other related businesses whether in India/abroad, to undertake all activities relating to software development for any industry, business, application, product, device, computer & computer related products, microprocessor, mobile, including design and implementation of hardware, software, networking & mobile whether in India/abroad.
10. To carry on the business and profession of advertising/publicity agents, brokers, specialists and contractors in all its branches for any person, firms, corporations, Companies and societies Including Government of India and/or State Governments and for that purpose to purchase and sell advertising time on All India Radio or other station in the world and/or Television within or outside India or any other kind of Media i.e., cinematographer or otherwise Including in Newspapers, Souvenirs, Hoardings, Neon and other displays of all kinds and descriptions, to promote the sale campaign and/or publicity of clients and other business of any person carrying on the same.
11. To carry on the business of consultants in all fields, including the business of legal, industrial, business management, financial, solar sector, home comfort, cost accounting, , inventory control, import and export and other technical or non-technical consultants and in particular to prepare Project Reports for all types of industries to set up systems of casting or to give other consultants on cost accounting to advise companies on the financial systems, to plan out machinery location and factories, to advise on tax planning, to recruit people for all types of posts in all types of industries or offices and to make representations types of industries or offices and to make representations before any body corporate , authority, corporations, firm, person or association of persons in any field in which help ,as be required of the company, including the procurement of materials, machinery or any other items or things required by any body, corporate authority, corporations person, firm or association of persons and to charge fees for such advice and help, whether in India or abroad.

8.2 The Company has authorized share capital of Rs.35,00,00,000/- (Rupees Thirty five crores only divided into 3,50,00,000 equity shares of Rs.10 each each and issued subscribed and paid up capital of Rs.14,88,26,050/- (Rupees Fourteen crores eighty eight lakhs twenty six thousand and fifty only) divided in 1,48,82,605 shares of Rs.10 each.

8.3 The Company has its Registered Office at N-301, III Floor, North Block, Manipal Center, 47 Dickenson Road, Bangalore 560,042

9. Audited Financial Information of the Company

(Rs. In Lakhs)

Sl.No	Particulars	Mar-21	Mar-22	Mar-23	Current as on Dec 2023
1	Sales and Other Income	9,060.87	11,260.21	11,519.34	1,70,925.07
2	PBDT	1,772.63	1,428.97	-13,794.59	1,56,066.22
3	Depreciation	553.26	576.36	652.21	349.90
4	Profit before Tax	1,219.37	852.61	-14,446.80	1,55,716.32
5	Provision for Tax	609.05	-177.35	382.52	36,818.35
6	Profit after Tax	610.32	1,029.96	-14,829.32	1,18,897.97
7	Equity Share Capital	1,488.26	1,488.26	1,488.26	1,488.26
8	Reserves and surplus (net of contingency reserve)	18,368.94	19,091.05	4,106.00	1,23,001.28
9	Net worth	19,857.20	20,579.31	5,594.26	1,24,489.54
10	Total Debt	2,019.67	3,051.84	2,242.53	-
11	Earning per Share (Rs)	4.10	6.92	99.64	798.91
12	Book Value (Rs)				
13	Gross profit/Net sales and other income (%)	13%	8%	-125%	91%
14	Net profit/Sales and other Income (%)	7%	9%	-129%	70%
15	Net profit/ Net worth (%)	3%	5%	-265%	96%
16	Long term debt/Net worth (times)				

10. Capital Structure and Shareholding Pattern

10.1 Issued, subscribed and paid up equity share capital of the Company is Rs.14,88,26,050/- divided into 1,48,82,605 Equity shares of face value of Rs.10 each. All the issued and subscribed equity shares of the Company are fully paid-up.

10.2 The shareholding pattern of the Company before buyback and after completion of the Offer (assuming 100% response to the offer) would be as under:—

Sl.	Category of Shareholders	Pre Buy back No of shares	% to existing capital
1.	Promoter Group and persons in control of the Company being directors of the Company.	1,39,91,846	94%
2.	Others	8,90,759	6%

10.3 There are no partly paid-up equity shares of outstanding convertible instruments. There are no equity shares under lock-in.

10.4 The Promoters and the persons in control of the Company hold a total of 1,39,91,846 equity shares of Rs.10 each aggregating to 94.1% of the issued, subscribed and paid-up Equity Share capital of the Company as on 21st May 2024

11. The aggregate number of equity shares purchased or sold by persons in the Promoter group and of the directors of the promoters, where the promoter is a Company and persons in control of the Company during twelve months preceding the date of the public announcement and from the date of the public announcement to the date of the Letter of Offer; the maximum and minimum price at which purchases and sales referred to above were made along with the relevant date.

The details of the shares purchased or sold by the promoter or the promoter group during the last 12 months preceding the date of the approval of buyback of shares have been provided above in the explanatory statement. Apart from this neither the promoter group nor the persons in control of the Company have purchased or sold any equity shares of the Company during the 12 months preceding the date of the approval of notice for buyback of shares.

12. Management discussion and analysis on the likely impact of the buy-back on the Company's earnings, public holdings, holdings of NRIs/FIIs, etc., promoters holdings and any change in the management structure

12.1 The buy-back is not likely to cause a material impact on the profitability of the Company, except to the extent of loss of liquid cash and current assets utilized for funding the buy-back.

12.2 The Promoters and persons in control of the Company, except Mr.Sudhakar Pai, Mrs.Jaya S Pai and Mrs.Jyothi Ashish Pradhan, do not intend to offer their shares for buy-back

The holding of the promoters after buy-back would be 91% of the total equity assuming 100% response to the offer.

12.3 The Company has shareholding of the Non-Residents Individuals.

12.4 Post buy-back, debt equity ratio, assuming 100% response to the offer, will be well within 2:1 as prescribed under section 68 of the Companies Act, 2013.

13. Details of Statutory Approvals

The company has obtained the approval of members through postal ballot by way of a special resolution on 1st May 2024. except that it is not required to seek any approval from any authority.

14. Details of the Account and amount to be deposited therein

As required under rule 17, the Company will open a special bank account with HDFC Bank, as the amount payable for the performance of its obligations. Immediately after the date of closure of the offer, the Company will deposit therein the required amount as per the offer accepted as would make up the entire sum due and payable as consideration for the buy-back.

15. Director's Responsibility

The Board of Directors of the Company accepts full responsibility for the information contained in this announcement.

The Board of Directors of the Company have approved the letter of offer at their meeting held on 3rd May 2024 and the Company shall file a statutory declaration duly signed by two Directors of the Company to the Registrar of Companies Karnataka to the effect that:—

- (a) The Board of Directors confirm that there have been 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.
- (b) The Board of Directors confirm that based on a full enquiry conducted into the affairs and prospectus of the Company, they have formed the opinion:—
 - (i) That as regards its prospects for the year immediately following the date that having regard to their intentions concerning 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 one year from that date, and
 - (ii) That 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).

For and on behalf of Board of Directors of KANARA CONSUMER PRODUCTS LIMITED.

SUDHAKAR TONSE PAI
MANAGING DIRECTOR
DIN:00043298

JAYA SUDHAKAR PAI
Director
DIN 00030515

Place: Bangalore

Date: 3rd May 2024

General Instructions and Terms and Conditions

The Tender Form is enclosed together with this Letter of Offer. The Eligible Shareholders

1. holding shares in Demat form can submit the offer for the buyback through the depository on or before 27th June 2024 at 5 p.m. on the number of shares offered for buyback
2. holding shares in physical form are requested to send the Tender Form, marking the envelope as “KANARA CONSUMER PRODUCTS LIMITED BUY-BACK OFFER”, to Purva Share Registry (India) Private Limited, 9, Shiv Shakti Industrial Estate, J R Boricha Marg, Near Lodha Exelus, Lower Parel East, MUMBAI 400 011 as per the instructions incorporated in the Tender Form. The Tender Forms should reach before _____ on or before 5 p.m., failing which, the same will be rejected.

OFFER OPENS ON : 5 ^h June 2024
OFFER CLOSES ON : 19 th June 2024
LAST DATE TO SUBMIT THE TENDER FORMS BY THE REGISTRAR : 19 th June 2024
REGISTRAR TO THE BUYBACK : Mr. Bhushan Chandratre Purva Share Registry (India) Pvt.Ltd., 9, Shiv Shakti Industrial Estate J R Boricha Marge, New Lodha Exelus, Lower Parel (East) Mumbai 400 011 Phone : 022-49614132

1. The Buyback is in accordance with Article 77 of the Articles of Association, Sections 68, 69, 70 and 110 and all other applicable provisions, if any, of the Companies Act Rule 22 of the Management Rules (as defined below), to the extent applicable, and in compliance with the Buyback Regulations and subject to such other approvals, permissions, consents, exemptions and sanctions, as may be necessary, and subject to any modifications and conditions, if any, as may be prescribed by statutory, regulatory or governmental authorities as may be required under applicable laws.
2. The Buyback Size represents 25% of the fully paid-up equity share capital and free reserves as per the Limited Review Report of the financial statements as on 31st December 2023 which is within the limits prescribed under the Companies Act and the Buyback regulations.
3. A copy of the Letter of Offer (including the Tender Form) will also be available on the websites of the Company.
4. The Letter of Offer is electronically sent to the shareholders holding shares in dematerialized form and in physical form to the shareholders who hold the shares in physical form as on the Record **Tuesday 21st May 2024**.

5. The procedure for tendering and settlement is set out in this Letter of Offer. The Form of Acceptance-cum-Acknowledgement (the Tender Form) is enclosed together with this Letter of Offer.
6. Payment for the buyback which has been accepted will be done by NEFT/warrant through the Escrow Account with HDFC Bank.
7. The shareholders have approved the buyback by a Special Resolution passed through 'Postal Ballot'. A copy of the Notice of the 'Postal Ballot' is available on the Company website.
8. The buyback will not result in change in the control/management structure of the Company.
9. The buyback is not expected to affect the growth opportunities of the Company.
10. The Company shall transfer from its free reserves, a sum equal to the nominal value of the Equity Shares bought back to the capital redemption reserve account, and details of such transfer shall be disclosed in its subsequent audited financial statements.
11. The Company has adequate and firm financial resources to fulfil the obligations under the Buyback and the same has been certified by Nangia & Co. LLP, Chartered Accountants, having its office at Prestige Obelisk, Level 4, No.3, Kasturba Road, Bangalore 560 001 Firm Registration No.: AAJ-1379 vide a certificate dated February 22, 2024.
12. For any shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is less than 0.50, the fraction shall be ignored.
13. An Eligible Shareholder may participate in the Buyback by providing the following
 - a. Submitting the Tender Form signed by all Equity Shareholders stating name, address, folio number, number of Equity Shares held, share certificate number, number of Equity Shares tendered for the Buyback and the distinctive numbers thereof.
 - b. Original share certificate(s)
 - c. copy of Equity Shareholders' PAN card(s)
 - d. cancelled cheque to which the amount needs to be transferred
 - e. Executed share transfer form SH-4 in favour of the Company.
SH-4 – share transfer form. The share transfer form can be downloaded from the websites of the Company,

14. The participation of the Eligible Shareholders in the Buyback is **entirely at the discretion of the Equity Shareholders**. The Company does not accept any responsibility for the decision of any Equity Shareholder **to either participate or to not participate in the Buyback**. The Company will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Equity Shareholders are advised to adequately safeguard their interest in this regard.
15. Any excess physical Equity Shares pursuant to proportionate Acceptance/rejection will be returned back to the Eligible Shareholders.. The Company is authorized 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 Buyback by Equity Shareholders holding Equity Shares in the physical form.
16. The Equity Shares bought back in demat form would be transferred directly to the Company Demat Account. The shares lying in the Company Demat Account and the physical shares will be extinguished as per the buyback regulations.

BUYBACK PROCESS FOR ELIGIBLE SHAREHOLDERS

1. PROCESS AND METHODOLOGY TO BE ADOPTED FOR THE BUY-BACK

This Letter of Offer is being sent to the Equity Shareholder(s) / Beneficial Owner(s) of Equity Shares of the Company as on the Record Date, i.e., 21st May 2024 (the “**Eligible Shareholders**”).

a. Shareholders holding their shares in demat form :

shall submit the DIS form to their depository where they are holding the account for which the details of the Demat account opened by the Company are given below

Beneficiary DP ID - NSDL	IN301549
Beneficiary Client ID	67103617
Name of the Depository	National Securities Depository Limited
Name of depository participant	HDFC Bank Limited
DP/Client ID and Name of the 1 st shareholder	
	2 nd shareholder
Signature	1 st shareholder
	2 nd shareholder
PAN	
Address of the shareholder	
No of shares offered for buyback	

Once DIS is submitted, the shareholder shall dispatch the following :

1. DIS form
2. Tender form with the detail of the number shares offered for buyback
3. Cancelled cheque leaf
4. Self attested PAN/address proof

should be despatched to

PURVA SHAREGISTRY (INDIA) PRIVATE LIMITED

Mr.Bhushan Chandratre

Unit No. 9, Ground Floor, Shiv Shakti Industrial Estate,
J.R. Boricha Marg, Lower Parel (East),
Mumbai, Maharashtra 400 011,
022-4961 4132 / 3522 0056 / 4970 0138

Email: support@purvashare.com

b. Shareholder holding shares in physical form would be required to send

1. The duly filled-in Tender Form
2. Original share certificate
3. SH-4 Transfer Form
4. Self attested copy of the shareholders PAN/Aadhar in case the address of the shareholder has undergone a change
5. Cancelled cheque leaf

relevant enclosures, to “KANARA CONSUMER PRODUCTS LIMITED BUY-BACK OFFER”, to

PURVA SHAREGISTRY (INDIA) PRIVATE LIMITED

Mr.Bhushan Chandratre

Unit No. 9, Ground Floor, Shiv Shakti Industrial Estate,
J.R. Boricha Marg, Lower Parel (East),
Mumbai, Maharashtra 400 011,
022-4961 4132 / 3522 0056 / 4970 0138

Email: support@purvashare.com

Tender Forms which are incomplete, or without the requisite enclosures as mentioned in the Tender Form, or otherwise not duly filled, will NOT be accepted.

- 1.1 If the Eligible Shareholder does not receive the Tender Form for any reason, then the same can be downloaded from the link www.kacpl.com
- 1.2 Eligible Shareholders must ensure that their demat account(s) is active and unblocked for release of unaccepted shares and that their bank account is linked with their demat account

- 1.3 In the event the number of Equity Shares tendered by the Eligible Shareholders at the Offer Price exceeds the total number of Equity Shares offered to be bought-back by the Company through the Buy-back, i.e., *23,69,230 equity shares*, then the Equity Shares will be accepted on a proportionate basis as per the relevant provisions of the Act and the Share Capital Rules.
- 1.4 In the event the number of Equity Shares tendered by the Eligible Shareholders at the Offer Price are less than the total number of Equity Shares offered to be bought-back by the Company through the Buy-back, i.e., *23,69,230 equity shares*, then the Company reserves a right to buy back the share of other shareholders willing to sell their shares through the tender acceptance.
- 1.5 The Company shall complete the verifications of the Tender Forms received within the time period prescribed under the Share Capital Rules and the Equity Shares lodged shall be deemed to be accepted unless a communication of rejection is made within 21 (twenty one) days from the closure of the Buy-back Offer.
- 1.6 The payment of consideration shall be made through NEFT (subject to availability of all information for crediting the funds).
- 1.7 The Buy-back is subject to approvals, if any, required under the provisions of the Act, the Share Capital Rules, applicable rules and regulations as specified by the Reserve Bank of India (the "RBI") under the Foreign Exchange Management Act, 1999 and/or such other applicable rules and regulations in force for the time being. Buy-back from Non Resident Shareholders will be subject to approvals, if any, of the appropriate authorities, including RBI, as applicable.

DECLARATION BY THE BOARD OF DIRECTORS

It is hereby declared that all the information given in this form is true and correct to the best of my knowledge. Further declared that:

- (a) All requirements of Section 68(3) of the Companies Act, 2013 have been complied with.
- (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;
- (c) The Board of directors have made a full enquiry into the affairs and prospects of the company and that they have formed the opinion:
 - (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
 - (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);
- (d) The Company will open a separate bank account adequately funded for the purpose of the Buyback and will pay the consideration for the Buyback by wire transfer.

This declaration is being made and issued under the authority of the Board in terms of the resolution passed at the meeting held on 22nd February 2024

For and on behalf of Board of Directors of KANARA CONSUMER PRODUCTS LIMITED.

SUDHAKAR TONSE PAI
MANAGING DIRECTOR
DIN:00043298

JAYA SUDHAKAR PAI
Director
DIN 00030515

Place: Bangalore

Date: 3rd May 2024

DECLARATION BY THE DIRECTORS REGARDING AUTHENTICITY OF THE INFORMATION IN THE LETTER OF OFFER

As per Rule 17(10(a)) of the Companies (Share Capital and Debentures) Rules, 2014, the Directors of the Company accept full and final responsibility for the information contained in this Letter of Offer.

The Letter of Offer is issued under the authority of the Board through the resolution passed by the Board of Directors of the Company at their meeting held on 22nd February 2024.

For and on behalf of Board of Directors of KANARA CONSUMER PRODUCTS LIMITED.

SUDHAKAR TONSE PAI
MANAGING DIRECTOR
DIN:00043298

JAYA SUDHAKAR PAI
Director
DIN 00030515

Place: Bangalore
Date: 3rd May 2024