

03.10.2019

From

R. Selvarajan  
64/315, Brindavan Road,  
8<sup>th</sup> Cross, Fairlands,  
Salem 636 004

To

1. Bombay Stock Exchange Limited  
25<sup>th</sup> Floor, P.J. Towers,  
Dalal Street, Fort,  
Mumbai – 400 001
2. Kandagiri Spinning Mills Limited  
Post Box No.3,  
Udayapatti,  
Salem 636 140

Sir,

**Sub.: Initial disclosure regarding existing encumbrance (pledge of my shares) to the stock exchanges and to the Company in terms of SEBI Circular SEBI/HO/CFD/DCR1/CIR/P/2019/90 dated 07.08.2019**

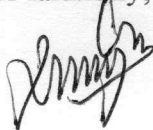
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I, R. Selvarajan hereby disclose the details of existing encumbrance (pledge of my shares) in the prescribed format in terms of SEBI Circular SEBI/HO/CFD/DCR1/CIR/P/2019/90 dated 07.08.2019.

Please take the same for your records.

Thanking you,

Yours faithfully,



**(R. Selvarajan)**

**Format for disclosure of reasons for encumbrance – INITIAL DISCLOSURE**

(In addition to Annexure - I prescribed by way of circular dated August 05, 2015)

Name of listed company	Kandagiri Spinning Mills Limited
Name of the recognised stock exchanges where the shares of the company are listed	Bombay Stock Exchange
Name of the promoter(s) / PACs whose shares have been encumbered	R. Selvarajan
Total promoter shareholding in the listed company	No. of shares – 7,78,730 % of promoter shareholding to total share capital of the Company – 20.23%
Encumbered shares as a % of promoter shareholding	No. of shares: 7,69,850 (% to promoter shareholding): 98.86%
Whether encumbered share is 50% or more of promoter shareholding	YES
Whether encumbered share is 20% or more of total share capital	YES



**(R. Selvarajan)**

**Signature of Authorised Signatory**

**Contd...2**

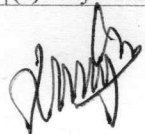


Signature of Authorised Signatory  
(R. Selvarajan)

Place: Salem  
Date: 03.10.2019

**Details of all the existing events/ agreements pertaining to encumbrance**

		Encumbrance (Date of creation of encumbrance: 09.04.2019)
Type of encumbrance (pledge, lien, negative lien, non-disposal undertaking etc. or any other covenant, transaction, condition or arrangement in the nature of encumbrance)		Pledge of shares
No. and % of shares encumbered		No. of shares: 7,69,850 % of total share capital: 20%
Specific details about the encumbrance	Name of the entity in whose favour shares encumbered (X)	<b>Trustee:</b> SBICAP Trustee Company Limited
	Whether the entity X is a scheduled commercial bank, public financial institution, NBFC or housing finance company? If No, provide the nature of the business of the entity.	SBICAP Trustee Company Limited is registered with Securities Exchange Board of India (SEBI) as a Debenture Trustee. It provides services such as to hold the shares as security in demat/physical form on behalf of Lenders as share pledge trustee.
	Names of all other entities in the agreement	<b>Lenders of the Company:-</b> Shares were pledged in favour of Company's Consortium Bankers Viz., State Bank of India, Karnataka Bank Ltd., and Axis Bank Ltd on pari-passu basis.
	Whether the encumbrance is relating to any debt instruments viz. debenture, commercial paper, certificate of deposit etc.? If yes, provide details about the instrument, including credit rating	NO
Security Cover / Asset Cover	Value of shares as on date of event or agreement (A) -	Rs. 1,45,88,657.50
	Amount involved (against which shares have been encumbered) (B)	Not applicable.
	Ratio of A / B	Since the shares were pledged in favour of the Company's Consortium Bankers for the purpose of providing security as collateral for the existing loans borrowed by the Company
End use of money	Borrowed amount to be utilized for what purpose – (a) Personal use by promoters and PACs  (b) For the benefit of listed company  Provide details including amount, purpose of raising money by listed company, schedule for utilization of amount, repayment schedule etc.  (a) Any other reason (please specify)	For the benefit of listed company as referred below:  <b>Reasons for encumbrance:</b> The shares were pledged in favour of the Company's Consortium Bankers for the purpose of providing security as collateral for existing loans borrowed by the Company



**(R. Selvarajan)**

Signature of Authorised Signatory

Place: Salem

Date: 03.10.2019