



29 December 2022

Lotus Chocolate Company Limited

8-2-596, 1st Floor, Sumedha Estates, Avenue-4,
Puzzolana Towers, Street No.1, Road No. 10, Banjara Hills,
Hyderabad, Telangana-500034

Dear Sir(s)

Sub: Public Announcement dated 29 December 2022 (the “Public Announcement”) in relation to an open offer for acquisition of up to 33,38,673 (Thirty three lakh thirty eight thousand six hundred and seventy three) equity shares of face value of INR 10 (Indian Rupees ten only) each (“Equity Shares”), representing 26.00% of the of the Emerging Voting Capital (as defined in the Public Announcement) of Lotus Chocolate Company Limited (“Target Company”) from the Public Shareholders (as defined in the Public Announcement) by Reliance Consumer Products Limited (“Acquirer”) along with Reliance Retail Ventures Limited (“PAC”) in its capacity as person acting in concert with the Acquirer (“Offer” or “Open Offer”)

The Acquirer and the PAC have announced the Open Offer to acquire the Equity Shares from the Public Shareholders of the Target Company, at a price of Rs. 115.50/- per Equity Share aggregating to total consideration of Rs. 38,56,16,731.50/-, payable in cash.

The Offer is being made pursuant to and in compliance with Regulations 3(1) and 4 read with Regulations 13, 14 and 15(1) and other applicable regulations of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and subsequent amendments thereto (the “SEBI (SAST) Regulations”).

With regards to the captioned Open Offer, DAM Capital Advisors Limited has been appointed as the Manager to the Open Offer pursuant to and in accordance with Regulation 12(1) of the SEBI (SAST) Regulations.

In accordance with Regulation 14(2) of the SEBI (SAST) Regulations, we hereby enclose a copy of the Public Announcement for the Open Offer.

All capitalised terms not defined herein shall have the same meaning, as specified in the enclosed Public Announcement.

Yours faithfully

For DAM Capital Advisors Limited




Authorized signatory

Name: Sachin K. Chandiwal

Designation: MD – Corporate Finance

Encl: As above

DAM Capital Advisors Limited (Formerly IDFC Securities Limited)

One BKC, C-Wing, Unit No. 1511, G-Block, Bandra Kurla Complex, Mumbai – 400051. India. Tel. 022-4202 2500.

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PUBLIC ANNOUNCEMENT UNDER REGULATIONS 3(1) AND 4 READ WITH REGULATIONS 13, 14 AND 15(1) AND OTHER APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, AS AMENDED

FOR THE ATTENTION OF THE PUBLIC SHAREHOLDERS OF LOTUS CHOCOLATE COMPANY LIMITED

Open offer for acquisition of up to 33,38,673 (Thirty three lakh thirty eight thousand six hundred and seventy three) equity shares of face value of INR 10 (Indian Rupees ten only) each (“Equity Shares”), representing 26.00% (Twenty Six percent) of the Emerging Voting Capital (*as defined below*) of Lotus Chocolate Company Limited (“Target Company”), from the Public Shareholders (*as defined below*) by Reliance Consumer Products Limited (“Acquirer”) along with Reliance Retail Ventures Limited (“PAC”) in its capacity as persons acting in concert with the Acquirer (“Offer” or “Open Offer”).

This public announcement (“**Public Announcement**” or “**PA**”) is being issued by DAM Capital Advisors Limited (“**Manager to the Open Offer**”) for and on behalf of the Acquirer and the PAC, to the Public Shareholders (*as defined below*) pursuant to and in compliance with Regulations 3(1) and 4, read with Regulations 13, 14 and 15(1), and other applicable regulations of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto (“**SEBI (SAST) Regulations**”).

For the purpose of this Public Announcement, the following terms have the meaning assigned to them below:

- (a) “**Emerging Voting Capital**” shall mean the total voting equity share capital of the Target Company expected as of the 10th (Tenth) Working Day (*as defined below*) from the closure of the tendering period for the Offer;
- (b) “**Public Shareholders**” shall mean all the public shareholders of the Target Company who are eligible to tender their Equity Shares in the Offer, except (i) the Acquirer, (ii) the PAC, (iii) the parties to the underlying SPA (*as defined below*) and SHA (*as defined below*) and (iv) persons deemed to be acting in concert with the persons set out in (i), (ii) and (iii), pursuant to and in compliance with the SEBI (SAST) Regulations;
- (c) “**SEBI**” shall mean the Securities and Exchange Board of India; and
- (d) “**Working Day**” shall mean any working day of SEBI.

1. Offer Details

- 1.1. **Offer Size:** The Acquirer and the PAC hereby make this Offer to the Public Shareholders to acquire up to 33,38,673 Equity Shares (“**Offer Shares**”), constituting 26.00% of the Emerging Voting Capital, at a price of INR 115.50 per Offer Share aggregating to a total consideration of INR 38,56,16,731.50

(assuming full acceptance) (“**Offer Size**”), subject to the terms and conditions mentioned in this Public Announcement and to be set out in the detailed public statement (“**DPS**”) and the letter of offer (“**LOF**”) that are proposed to be issued in accordance with the SEBI (SAST) Regulations.

- 1.2. **Price/ Consideration:** The Offer is made at a price of INR 115.50 per Offer Share (“**Offer Price**”) which has been determined in accordance with Regulations 8(1) and 8(2) of the SEBI (SAST) Regulations. Assuming full acceptance of the Offer, the total consideration payable in the Offer will be INR 38,56,16,731.50.
- 1.3. **Mode of Payment:** The Offer Price will be paid in cash, in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations.
- 1.4. **Type of Offer:** The Offer is a mandatory offer made by the Acquirer and the PAC in compliance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations. This Offer is not subject to any minimum level of acceptance.

2. Transaction which has triggered the Open Offer obligations (“Underlying Transaction”)

Details of Underlying Transaction ⁽¹⁾⁽²⁾						
Type of transaction (direct/ indirect)	Mode of transaction (Agreement/ Allotment/ Market purchase)	Shares / voting rights acquired / proposed to be acquired		Total Consideration for shares / voting rights acquired (INR)	Mode of payment (cash/ securities)	Regulation which has triggered
		Number of Equity Shares	% vis à vis total equity / voting capital ⁽³⁾			
Direct	1. <u>Share Purchase Agreement:</u> Share purchase agreement dated December 29, 2022 (“ SPA ”) entered into between the Acquirer, existing promoters of the Target Company namely, Mr. Ananth P. Pai and Mr. Prakash P. Pai (collectively referred to as the “ Sellers ”), whereby Acquirer has agreed to acquire 32,74,467 Equity Shares from Mr. Ananth P. Pai and 32,74,468 Equity Shares from Mr. Prakash P. Pai (collectively, “ Sale Shares ”) at a price	65,48,935	51.00%	74,00,29,655	Cash	Regulations 3(1) and 4 of the SEBI (SAST) Regulations

	of INR 113.00 per Sale Share, for a total consideration of INR 74,00,29,655, subject to and in accordance with the terms of the SPA.					
	2. <u>Shareholders' Agreement</u> : A shareholders' agreement dated December 29, 2022 (" SHA ") entered into between the Acquirer, Target Company, and the members of the existing promoter and promoter group of the Target Company namely, Mr. Prakash P. Pai, Ms. Vandana Poornima Pai, Mr. Abhijeet Pai, Ms. Jhabakh Ashwini Pai, Mr. Ananth P. Pai, Ms. Neeveditha Pai, Mr. Aditya Pai and Mr. Aman Pai (" Current Promoter and Promoter Group ").	-	-	-	-	

Notes:

- (1) On and from the Closing Date as defined in the SHA, the Acquirer shall become the Promoter of the Target Company and shall have sole control over the Target Company.
- (2) In addition to the SPA and the SHA, the Acquirer, by way of a separate arrangement has entered into an investment agreement with the Target Company and Mr. Abhijeet Pai, Ms. Jhabakh Ashwini Pai (both of whom are members of the Current Promoter and Promoter Group) and M/s P.M.F. Estates Private Limited (being an entity wholly owned and controlled by Mr. Ananth P. Pai and his family members) (Mr. Abhijeet Pai, Ms. Jhabakh Ashwini Pai and M/s P.M.F. Estates Private Limited are collectively referred to as "**Promoter Group Subscribers**") on December 29, 2022 ("**Investment Agreement**"), in terms of which, Target Company shall issue: (i) 2,53,96,600 non-convertible redeemable preference shares to the Acquirer for an aggregate consideration of INR 25,39,66,000; and (ii) 2,53,96,600 non-convertible redeemable preference shares in aggregate to the Promoter Group Subscribers for an aggregate consideration of INR 25,39,66,000 (collectively, "**Subscription RPS**"), subject to conditions set out in the Investment Agreement and receipt of requisite corporate approvals. The consummation of the Investment Agreement is subject to the acquisition of the Sale Shares in terms of the SPA.
- (3) Calculated as a percentage of the Emerging Voting Capital.
- (4) Additionally, the Target Company has by way of a separate arrangement entered into a share purchase agreement dated December 29, 2022 with Soubhagya Confectionary Private Limited ("**SCPL**") and the shareholders of the SCPL namely, Mr. Prakash P. Pai, Mr. Ananth P. Pai, Mr. Abhijeet Pai, Ms. Jhabakh Ashwini Pai, Mr. Aditya Pai and Mr. Aman Pai ("**SCPL Selling Shareholders**") (all of whom are also part of the Current Promoter and Promoter Group), for the purchase of 100% of the equity share capital of SCPL at a price of INR 121.62 per equity share of SCPL aggregating Rs.18,00,00,000 ("**SCPL SPA**"). The consummation of the SCPL SPA is subject to the acquisition of the Sale Shares in terms of the SPA and the subscription to the Subscription RPS by the Sellers in terms of the Investment Agreement. As per the terms of the Investment Agreement, part of the

total subscription amount received by the Target Company from the Promoter Group Subscribers for the issuance and allotment of Subscription RPS to the Promoter Group Subscribers shall be utilized by the Target Company for acquiring 100% of the equity share capital of SCPL.

3. Acquirer/ PAC

Details	Acquirer	PAC	Total
Name of Acquirer/ PAC	Reliance Consumer Products Limited	Reliance Retail Ventures Limited	-
Address	Floor-4, Plot-298/302, Court House Lokmanya Tilak Marg, Kalbadevi, Mumbai 400 002	4th Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai 400 002	-
Name(s) of persons in control/ promoters of Acquirer/ PAC where Acquirer/ PAC are companies	The Acquirer is controlled by and is a wholly owned subsidiary of the PAC	The PAC is controlled by and is a subsidiary of Reliance Industries Limited	-
Name of the Group, if any, to which the Acquirer/ PAC belongs to	Reliance Group	Reliance Group	-
Pre-transaction shareholding: <ul style="list-style-type: none"> • Number • % of total share capital 	Nil	Nil	Nil
Proposed shareholding after the acquisition of shares which triggered the Open Offer	65,48,935 Equity Shares (51.00% of the Emerging Voting Capital)	Nil	65,48,935 Equity Shares (51.00% of the Emerging Voting Capital)
Proposed shareholding after the acquisition of shares (including Offer Shares, assuming full acceptance) which triggered the Open Offer	98,87,608 Equity Shares (77.00% of the Emerging Voting Capital)	Nil	98,87,608 Equity Shares (77.00% of the Emerging Voting Capital)
Any other interest in the Target Company	Nil	Nil	Nil

Notes:

- 1) Other than the PAC, no person is acting in concert with the Acquirer for the purposes of this Open Offer. While persons may be deemed to be acting in concert with the Acquirer and / or the PAC in terms of Regulation 2(1)(q)(2) of the SEBI (SAST) Regulations (“Deemed PACs”), such Deemed PACs are not acting in concert with the Acquirer and / or the PAC for the purposes of this Open Offer, within the meaning of Regulation 2(1)(q)(1) of the SEBI (SAST) Regulations.
- 2) In the event the shareholding of the Acquirer and the Current Promoter and Promoter Group in the Target Company, after completion of the Open Offer and the Underlying Transaction, exceeds 75% of the equity share capital of the Target Company, the Acquirer shall undertake such actions within the timelines specified under the Securities Contract (Regulation) Rules, 1957 (“SCRR”), as deemed appropriate by the Acquirer, to meet the minimum public shareholding requirements specified under SCRR. In terms of the SHA, the Acquirer and Current Promoter and Promoter Group shall discuss and agree in good faith, if the actions required to be undertaken to comply with the aforesaid requirements will include any sale of Equity Shares by the Current Promoter and Promoter Group.

4. Details of selling shareholders, if applicable

Names of selling shareholder	Part of Promoter and promoter group (Yes/ No)	Details of shares/ voting rights held by the selling shareholder			
		Pre Transaction		Post Transaction	
		No. of Equity Shares	Percentage (%) ⁽¹⁾	No. of Equity Shares	Percentage (%) ⁽¹⁾
Mr. Ananth P. Pai	Yes	36,60,272	28.50	3,85,805	3.00
Mr. Prakash P. Pai	Yes	36,59,272	28.50	3,84,804	3.00
Total		73,19,544	57.00	7,70,609	6.00

Notes:

- 1) Computed on the basis of the Emerging Voting Capital.

5. Target Company

Name:	Lotus Chocolate Company Limited
Registered Office:	8-2-596, 1st Floor, Sumedha Estates, Avenue-4, Puzzolana Towers, Street No.1, Road No. 10, Banjara Hills, Hyderabad, Telangana-500034
CIN:	L15200TG1988PLC009111
Exchanges where listed:	The Equity Shares are listed on BSE Limited. (Scrip Code: 523475). The ISIN of the Target Company is INE026D01011.

6. Other Details

- 6.1. Further details of the Open Offer shall be published in the DPS which shall be published on or before January 5, 2023 i.e., within 5 (five) Working Days from the Public Announcement as required under Regulation 13(4) of the SEBI (SAST) Regulations. The DPS shall contain details of the Open Offer including information on the Offer Price, the Acquirer, the PAC, the Target Company, the background to the Offer (including details of and conditions precedent to the Open Offer and completion of the transactions contemplated by the transaction agreements), the statutory approvals required for the Open Offer and details of financial arrangements and other terms of the Open Offer. The DPS will be published, as required by Regulation 14(3) of the SEBI (SAST) Regulations, in all editions of any one English national daily newspaper with wide circulation, any one Hindi national daily newspaper with wide circulation, any one regional language daily newspaper with wide circulation at the place where the registered office of the Target Company is situated i.e., Hyderabad, and any one regional language daily newspaper at the place of the stock exchange where the maximum volume of trading in the Equity Shares was recorded during the 60 (sixty) trading days preceding the date of this Public Announcement i.e. Mumbai.
- 6.2. The Acquirer, the PAC and their directors accept full responsibility for the information contained in this Public Announcement. The Acquirer and the PAC undertake that they are aware of and will comply with their obligations under the SEBI (SAST) Regulations and that they have adequate financial resources for meeting the Open Offer obligations.
- 6.3. This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
- 6.4. This Offer is not conditional upon any minimum level of acceptance as per Regulation 19(1) of the SEBI (SAST) Regulations.
- 6.5. The completion of the Open Offer is subject to receipt of statutory and other regulatory approvals, as applicable.
- 6.6. All the information pertaining to the Target Company contained in this Public Announcement has been obtained from publicly available sources or the Target Company. All the information pertaining to the Sellers contained in this Public Announcement has been obtained from the Sellers. Accordingly, the accuracy of the information has not been independently verified by the Manager to the Open Offer.
- 6.7. In this Public Announcement, all references to “INR” are references to Indian Rupees.
- 6.8. In this Public Announcement, any discrepancy in figures as a result of multiplication or totalling is due to rounding off.

Issued by the **Manager to the Offer**



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For and on behalf of the Acquirer and the PAC

Acquirer

Reliance Consumer Products Limited

PAC

Reliance Retail Ventures Limited

Place: Mumbai

Date: December 29, 2022