

DRAFT LETTER OF OFFER

“THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION”

The letter of offer (“LOF”) will be sent to you as a Public Shareholder (*as defined below*) of Lotus Chocolate Company Limited (“**Target Company**”). If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer (*as defined below*)/ Registrar to the Offer (*as defined below*). In case you have recently sold your Equity Shares (*as defined below*) please hand over the LOF and the accompanying Form of Acceptance (*as defined below*) to the member of stock exchange through whom the said sale was effected.

OPEN OFFER

RELIANCE CONSUMER PRODUCTS LIMITED

CIN: U52300MH2022PLC394370

An unlisted public limited company incorporated under the laws of India

having its registered office at: Floor-4, Plot-298/302, Court House Lokmanya Tilak Marg, Kalbadevi, Mumbai 400 002;

Tel No.: +91 22 3555 3800;

(hereinafter referred to as “**Acquirer**”)

along with the following person acting in concert

RELIANCE RETAIL VENTURES LIMITED

CIN: U51909MH2006PLC166166

An unlisted public limited company incorporated under the laws of India

having its registered office at: 4th Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai 400 002;

Tel No.: +91 22 3555 3800;

(hereinafter referred to as “**PAC**”)

MAKE A CASH OFFER TO ACQUIRE 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 AT A PRICE OF INR 115.50/- (INDIAN RUPEES ONE HUNDRED AND FIFTEEN AND FIFTY PAISE ONLY) PER EQUITY SHARE, REPRESENTING 26.00% OF THE EMERGING VOTING CAPITAL (*AS DEFINED BELOW*) OF THE TARGET COMPANY, IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, AS AMENDED (“**SEBI (SAST) REGULATIONS**”) (“**OPEN OFFER**” / “**OFFER**”) FROM THE PUBLIC SHAREHOLDERS OF

LOTUS CHOCOLATE COMPANY LIMITED

CIN: L15200TG1988PLC009111

A public limited company incorporated under the laws of India

having its registered office at: 8-2-596, 1st Floor, 1B, Sumedha Estates, Avenue-4, Puzzolana Towers, Street No.1, Road No. 10, Banjara Hills, Hyderabad, Telangana-500034;

Tel No.: +91 40-2335 2607 / 08 / 09; **Fax No.:** +91 40 2335 2610

Website: www.lotuschocolates.com

(hereinafter referred to as “**Target Company**”)

1. This Open Offer (*as defined below*) is being made by the Acquirer along with the PAC pursuant to and in compliance with Regulations 3(1) and 4, and other applicable regulations of the SEBI (SAST) Regulations.
2. This Open Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of SEBI (SAST) Regulations.
3. This Open Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
4. To the best of the knowledge of the Acquirer and the PAC, as on the date of this Draft Letter of Offer (“**DLOF**”), there are no statutory or other approvals required to complete the Underlying Transaction (*as defined below*) or to complete this Open Offer, other than as indicated in paragraph 8.4 of this DLOF. However, in case any statutory or other approval(s) becomes applicable and is required by the Acquirer/ PAC at a later date before the closure of the Offer Period (*as defined below*), this Open Offer shall be subject to receipt of such statutory or other approval(s).
5. Where any statutory or other approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory or other approvals are required in order to complete this Open Offer.
6. Under Regulation 18(4) of the SEBI (SAST) Regulations, the Acquirer is permitted to revise the Offer Price (*as defined below*) or the number of Offer Shares (*as defined below*) at any time prior to the commencement of the last 1 (one) Working Day (*as defined below*) before the commencement of the Tendering Period. In the event of such revision, in terms of Regulation 18(5) of the SEBI (SAST) Regulations, the Acquirer and the PAC shall (i) make a corresponding increase to the escrow amount, (ii) make an announcement in the same newspapers in which the DPS (*as defined below*) was published, and (iii) simultaneously notify the Stock Exchange (*as defined below*), SEBI (*as defined below*) and the Target Company at its registered office. Such revision would be done in compliance with other requirements prescribed under the SEBI (SAST) Regulations.
7. In terms of Regulation 23 of the SEBI (SAST) Regulations, in the event that, for reasons outside the reasonable control of the Acquirer and the PAC, the approvals specified in paragraph 8.4 of this DLOF or those which become applicable prior to completion of the Open Offer are not received or any of the conditions precedent under the SPA (*as defined below*) as specified in paragraph 3.1.5(a) of this DLOF are not met, then the Acquirer and the PAC shall have the right to withdraw the Open Offer. In the event of such a withdrawal of the Open Offer, the Acquirer and the PAC (through the Manager) shall, within 2 (two) Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.
8. **There is no competing offer as on the date of this DLOF.**
9. Copies of the Public Announcement (“**PA**”) and the Detailed Public Statement (“**DPS**”) are available on the website of SEBI at www.sebi.gov.in and copies of DLOF and LOF (including the Form of Acceptance) will be available on the website of SEBI at www.sebi.gov.in.

MANAGER TO THE OFFER



DAM Capital Advisors Limited

One BKC, Tower C, 15th Floor, Unit No.1511, Bandra Kurla Complex, Mumbai 400 051, Maharashtra, India

Tel. No.: +91 22 42022500; **Fax No.:** +91 22 42022504

Email: lotus@damcapital.com

Contact person: Gunjan Jain/Nidhi Gupta

Website: www.damcapital.in

SEBI Registration Number: MB/INM000011336

REGISTRAR TO THE OFFER



KFin Technologies Limited

Selenium, Tower B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi 500 032, Telangana, India

Tel. No.: +91 40 6716 2222/ 18003094001; **Fax No.:** +91 40 2343 1551

Email: lcc.openoffer@kfintech.com

Contact Person: M Murali Krishna

Website: www.kfintech.com

Investor Grievance Email: einward.ris@kfintech.com

SEBI Registration No.: INR000000221

TENTATIVE SCHEDULE OF MAJOR ACTIVITIES OF THE OPEN OFFER

No.	Activity	Schedule (Day and date) ⁽¹⁾
1.	Date of PA	Thursday, December 29, 2022
2.	Date of publication of the DPS	Thursday, January 5, 2023
3.	Last date for filing of this DLOF with SEBI	Thursday, January 12, 2023
4.	Last date for public announcement for competing offer(s)	Friday, January 27, 2023
5.	Last date for receipt of SEBI observations on the DLOF (in the event SEBI has not sought clarifications or additional information from the Manager)	Friday, February 3, 2023
6.	Identified Date ⁽²⁾	Tuesday, February 7, 2023
7.	Last date by which the LOF is to be dispatched to the Public Shareholders whose names appear on the register of members on the Identified Date	Tuesday, February 14, 2023
8.	Last date by which the committee of the independent directors of the Target Company is required to publish its recommendation to the Public Shareholders for this Open Offer	Friday, February 17, 2023
9.	Last date for upward revision of the Offer Price and/or Offer Size	Friday, February 17, 2023
10.	Date of publication of opening of Open Offer public announcement in the newspapers in which the DPS was published	Monday, February 20, 2023
11.	Date of commencement of the tendering period (" Offer Opening Date ")	Tuesday, February 21, 2023
12.	Date of closure of the tendering period (" Offer Closing Date ")	Monday, March 6, 2023
13.	Last date of communicating the rejection/ acceptance and completion of payment of consideration or return of Equity Shares to the Public Shareholders	Tuesday, March 21, 2023
14.	Last date for publication of post-Open Offer public announcement in the newspapers in which the DPS was published	Wednesday, March 29, 2023

Notes:

- (1) The above timelines are indicative (prepared on the basis of timelines provided under the SEBI (SAST) Regulations) and are subject to receipt of relevant approvals, and may have to be revised accordingly.
- (2) The Identified Date is only for the purpose of determining the Public Shareholders as on such date to whom the LOF would be sent. It is clarified that all the Public Shareholders (even if they acquire Equity Shares and become shareholders of the Target Company after the Identified Date) are eligible to participate in the Open Offer.

RISK FACTORS RELATING TO THE UNDERLYING TRANSACTION, THE OPEN OFFER AND THE PROBABLE RISK INVOLVED IN ASSOCIATING WITH THE ACQUIRER AND THE PAC:

The risk factors set forth below are limited to this Open Offer, the Underlying Transaction and the Acquirer and the PAC and are not in relation to the present or future business operations of the Target Company or other related matters. These are neither exhaustive nor intended to constitute a complete analysis of all the risks involved in the participation by Public Shareholders in this Open Offer, or in association with the Acquirer and the PAC, but are merely indicative in nature. Public Shareholders are advised to consult their stockbrokers, investment consultants and/or tax advisors, for understanding and analysing all risks associated with respect to their participation in this Open Offer.

For capitalized terms used herein, please refer to the “Definitions” chapter below.

A. Relating to underlying transaction

1. The obligation of the Acquirer to purchase the Sale Shares is conditional upon the fulfilment of each of the conditions precedent as set out in the SPA to the satisfaction of the Acquirer (unless waived or deferred by the Acquirer) prior to the Long Stop Date (*as defined in the SPA*), which include among others, the conditions specified in paragraph 3.1.5(a) of this DLOF.
2. The transactions contemplated under the SPA and the SHA are subject to completion risks as would be applicable to similar transactions.
3. In addition to the SPA and SHA, the completion of the transactions contemplated under the Investment Agreement (*as defined below*) and the SCPL SPA (*as defined below*) are conditional upon the fulfilment of each of the conditions precedents as set out in these respective agreements unless waived in terms of the respective agreements.

B. Relating to the Open Offer

1. The Open Offer is made under the SEBI (SAST) Regulations to acquire up to 33,38,673 Equity Shares representing 26.00% of the Emerging Voting Capital, from the Public Shareholders of the Target Company. If the number of Equity Shares validly tendered by the Public Shareholders under this Open Offer is more than the Offer Size, then the Equity Shares validly tendered by the Public Shareholders will be accepted on a proportionate basis, subject to acquisition of a maximum of 33,38,673 Equity Shares. Accordingly, there is no assurance that all Equity Shares tendered by the Public Shareholders in the Open Offer will be accepted.
2. To the best of the knowledge of the Acquirer and the PAC, as on the date of this DLOF, there are no statutory or other approvals required for the acquisition of the Equity Shares that are validly tendered pursuant to the Open Offer or to complete this Open Offer other than as indicated in paragraph 8.4 of this DLOF. However, in case any other statutory approvals become applicable and are required by the Acquirer/ PAC at a later date before the closure of the Offer Period, this Open Offer shall be subject to receipt of such further approvals. If there is a delay in receipt of any applicable statutory or other approvals then the Open Offer process may be delayed beyond the dates indicated in the tentative schedule of major activities of the Open Offer disclosed in this DLOF (on page number 2). In case Equity Shares are tendered in the Open Offer and a delay is caused due to delay in receipt of any applicable statutory or other approvals, the payment of consideration to Public Shareholders whose Equity Shares have been accepted under the Open Offer as well as release of the lien marked against the Equity Shares not accepted by the Acquirer may be delayed.

3. Where the required statutory or other approvals apply to some but not all of the Public Shareholders, the Acquirer and the PAC will have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Open Offer.
4. In case of delay/non-receipt of any statutory or other approvals referred to in paragraph 8.4 of this DLOF, SEBI may, if satisfied that non-receipt of the requisite approval(s) was not attributable to any wilful default, failure or neglect on the part of the Acquirer and the PAC to diligently pursue such approval(s), grant an extension of time for the purpose of completion of this Open Offer, subject to such terms and conditions as may be specified by SEBI, including payment of interest by the Acquirer to the Public Shareholders at such rate, as may be prescribed by SEBI from time to time, in accordance with Regulation 18(11) or Regulation 18(11A) of the SEBI (SAST) Regulations.
5. In terms of Regulation 23 of the SEBI (SAST) Regulations, in the event that, for reasons outside the reasonable control of the Acquirer and the PAC, the approvals specified in paragraph 8.4 of this DLOF or those which become applicable prior to completion of the Open Offer are not received or any of the conditions precedent under the SPA as specified in paragraph 3.1.5(a) of this DLOF are not met, then the Acquirer and the PAC shall have the right to withdraw the Open Offer. In the event of such a withdrawal of the Open Offer, the Acquirer and the PAC (through the Manager) shall, within 2 (two) Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.
6. Equity Shares once tendered in the Open Offer cannot be withdrawn by the Public Shareholders, even in the event of a delay in the acceptance of Equity Shares under the Open Offer and/or the payment of consideration. A lien shall be marked against the Equity Shares tendered in the Offer by the Public Shareholders until the completion of the formalities of this Offer and the Public Shareholders who have tendered their Equity Shares will not be able to trade in such Equity Shares during such period, even if the acceptance of the Equity Shares in this Offer and/or payment of consideration are delayed. During such period, there may be fluctuations in the market price of the Equity Shares of the Target Company that may adversely impact the Public Shareholders who have tendered their Equity Shares in this Open Offer. Neither the Acquirer or the PAC nor the Manager to the Offer make any assurance with respect to the market price of the Equity Shares and disclaim any responsibility with respect to any decision by any Public Shareholder on whether or not to participate in the Offer. It is understood that the Public Shareholders will be solely responsible for their decisions regarding participation in this Open Offer.
7. NRIs, OCBs and other non-resident holders of the Equity Shares, if any, must obtain all requisite approvals/exemptions required, including without limitation, the approval from the RBI, if any, to tender the Equity Shares held by them in this Offer and submit such approvals/exemptions along with the documents required to accept this Offer. Further, if the Public Shareholders who are not persons resident in India (including NRIs, OCBs, FIIs and FPIs) had required any approvals (including from the RBI or any other regulatory authority/body) at the time of the original investment in respect of the Equity Shares held by them currently, they will be required to submit copies of such previous approvals that they would have obtained for acquiring/holding the Equity Shares, along with the other documents required to be tendered to accept this Offer. If the aforementioned documents are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer.
8. In terms of circular issued by SEBI bearing reference number SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2020/ 144 dated July 31, 2020, Public Shareholders holding Equity Shares in physical form are

allowed to tender their Equity Shares in the Open Offer. However, the acceptance of the Equity Shares in physical form tendered in this Open Offer would be conditional on the Public Shareholders holding the physical Equity Shares and wishing to tender the same in the Open Offer, following the process laid out in more detail in this DLOF, diligently and submitting all the required documents for the purpose of ensuring that their physical Equity Shares can be verified and confirmed by the Registrar to the Offer.

9. The information contained in this DLOF is as of the date of this DLOF unless expressly stated otherwise. The Acquirer, the PAC and the Manager to the Offer are under no obligation to update the information contained herein at any time after the date of this DLOF.
10. Public Shareholders are advised to consult their respective stockbrokers, legal, financial, investment or other advisors and consultants of their choice, if any, for assessing further risks with respect to their participation in this Open Offer, and related transfer of Equity Shares to the Acquirer. The Public Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Open Offer, or in respect of any other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the PAC and the Manager do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this DLOF.
11. In the event that either: (a) there is any injunction or stay on this Open Offer or any litigation that restricts or restrains the Acquirer and the PAC from performing any of their obligations hereunder; or (b) SEBI instructs the Acquirer and the PAC to suspend this Open Offer, then this Open Offer process may be delayed beyond the dates indicated in the tentative schedule of major activities of the Open Offer disclosed in this DLOF (on page number 2). In the event of any delay in proceeding with this Open Offer, the payment of consideration to the Public Shareholders whose Equity Shares are accepted in this Open Offer as well as the release of the lien marked on the Equity Shares not accepted in this Open Offer, may be delayed. In the event SEBI instructs the Acquirer to not proceed with this Open Offer, then this Open Offer process shall be withdrawn and the Acquirer and the PAC (through the Manager to the Offer) shall make an announcement of such withdrawal within 2 (two) Working Days of such withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.
12. In relation to the Open Offer, the Acquirer, the PAC and the Manager to the Offer accept responsibility only for statements made by them in the PA, DPS, DLOF, LOF or in the post Open Offer advertisement or any corrigenda, addendum or any materials issued by or on behalf of the Acquirer, the PAC, or the Manager to the Offer in relation to the Open Offer (other than (a) information pertaining to the Target Company which has been obtained from publicly available sources or provided by the Target Company; and (b) information pertaining to the Sellers and the Current Promoter and Promoter Group which has been obtained from the Sellers and the Current Promoter and Promoter Group, respectively). Anyone placing reliance on any sources of information (other than as mentioned in this paragraph) would be doing so at his/her/its own risk.
13. None of the Acquirer, the PAC, the Manager or the Registrar to the Offer accept any responsibility for any loss of documents during transit (including but not limited to Offer acceptance forms, copies of delivery instruction slips, etc.), and Public Shareholders are advised to adequately safeguard their interest in this regard.
14. No action has been or will be taken to permit this Offer in any jurisdiction where action would be required for that purpose. The LOF shall be sent to all Public Shareholders whose names appear on the register of members of the Target Company, at their stated address, as of the

Identified Date, subject to Regulation 18(2) of the SEBI (SAST) Regulations, viz. provided that where local laws or regulations of any jurisdiction outside India may expose the Acquirer, the PAC, the Manager to the Offer or the Target Company to material risk of civil, regulatory or criminal liabilities in the event the LOF in its final form were to be sent without material amendments or modifications into such jurisdiction, and the Public Shareholders resident in such jurisdiction hold Equity Shares entitling them to less than 5% of the voting rights of the Target Company, the Acquirer may refrain from sending the LOF into such jurisdiction: provided further that, subject to applicable law, every person holding Equity Shares, regardless of whether he, she or it held Equity Shares on the Identified Date or has not received the LOF, shall be entitled to tender such Equity Shares in acceptance of the Offer.

15. This DLOF has not been filed, registered or approved in any jurisdiction outside India. Recipients of the LOF residing in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirer, the PAC or the Manager to the Offer to any new or additional registration requirements. This DLOF does not in any way constitute an offer to purchase or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

C. Relating to Acquirer and PAC

1. The Acquirer, the PAC and the Manager to the Offer make no assurance with respect to the future performance of the Target Company or the impact on the employees of the Target Company. The Public Shareholders should not be guided by the past performance of the Target Company and/or the Acquirer and/or the PAC or any of their group companies while arriving at their decision to participate in the Open Offer. The Acquirer, the PAC, and the Manager to the Offer disclaim any responsibility with respect to any decision of Public Shareholders on whether to participate in the Open Offer or not.
2. The Acquirer, the PAC, and the Manager to the Offer make no assurance with respect to Acquirer's investment/divestment decisions relating to their proposed shareholding in the Target Company.
3. The Acquirer, the PAC, and the Manager to the Offer do not provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or upon the completion of this Open Offer.
4. For the purpose of disclosures in the DLOF, all information relating to the Target Company has been obtained from publicly available sources or from the Target Company. All information relating to the Sellers and the Current Promoter and Promoter Group has been obtained from the Sellers and the Current Promoter and Promoter Group. The accuracy of such details of the Target Company, the Sellers and the Current Promoter and Promoter Group have not been independently verified by the Acquirer, the PAC, and the Manager.
5. Pursuant to completion of this Open Offer and the Underlying Transaction contemplated under the SPA and SHA, the public shareholding in the Target Company may fall below such minimum public shareholding ("MPS") requirement as per Rule 19A of the SCRR read with Regulation 38 of the SEBI (LODR) Regulations. In such an event, the Acquirer shall undertake such actions within the timelines specified under the 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.

NOTICE TO SHAREHOLDERS IN OTHER COUNTRIES

This DLOF does not in any way constitute an offer to sell or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Potential users of the information contained in this DLOF are requested to inform themselves about and to observe any such restrictions.

The Open Offer described in this DLOF is not being made to, nor will tender of shares be accepted from or on behalf of Public Shareholders in any jurisdiction in which such offer or invitation is not in compliance with applicable law or to any person to whom it is unlawful to make such offer or solicitation. Potential users of the information contained in this DLOF are requested to inform themselves about and to observe any such restrictions.

NOTICE TO SHAREHOLDERS IN UNITED STATES

In addition to the above, please note that the Open Offer is being made for acquisition of securities of an Indian company and Public Shareholders in the U.S. should be aware that this DLOF and any other documents relating to the Open Offer have been or will be prepared in accordance with Indian procedural and disclosure requirements, including requirements regarding the Offer timetable and timing of payments, all of which differ from those in the U.S. Any financial information included in this DLOF or in any other documents relating to the Open Offer, has been or will be prepared in accordance with non-U.S. accounting standards that may not be comparable to financial statements of companies in the U.S. or other companies whose financial statements are prepared in accordance with U.S. generally accepted accounting principles.

CURRENCY OF PRESENTATION

In this DLOF, all references to “Rupees” or “INR” are references to the Indian Rupee(s) (“INR”).

In this DLOF, any discrepancy in figures as a result of multiplication or totalling is due to rounding off.

TABLE OF CONTENTS

1. DEFINITIONS	9
2. DISCLAIMER CLAUSE.....	11
3. DETAILS OF THE OPEN OFFER.....	12
4. BACKGROUND OF THE ACQUIRER AND THE PAC.....	19
5. DETAILS OF SELLERS.....	31
6. BACKGROUND OF THE TARGET COMPANY	31
7. OFFER PRICE AND FINANCIAL ARRANGEMENTS.....	36
8. TERMS AND CONDITIONS OF THE OPEN OFFER	39
9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OPEN OFFER	42
10. NOTE ON TAXATION	50
11. DOCUMENTS FOR INSPECTION.....	59
12. DECLARATION BY THE ACQUIRER AND THE PAC	60

1. DEFINITIONS

TERM	DESCRIPTION
Acquirer	Reliance Consumer Products Limited
BSE	BSE Limited
Buying Broker	ICICI Securities Limited
CIN	Corporate Identification Number
Current Promoter and Promoter Group	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
Clearing Corporation	Indian Clearing Corporation Limited
DIN	Director Identification Number
Depositories	Central Depository Services Limited and National Securities Depository Limited
DLOF	This Draft Letter of Offer dated January 12, 2023
DPS	Detailed public statement in connection with the Open Offer, published on behalf of the Acquirer and the PAC on Thursday, January 05, 2023 in Business Standard – English (all editions), Business Standard – Hindi (all editions), Andhra Jyothy – Telugu (Hyderabad edition) and Navshakti – Marathi (Mumbai edition).
DP	Depository Participant
Equity Share(s)	Fully paid-up equity shares of Target Company of face value of INR 10/- each
Escrow Agreement	Escrow Agreement dated December 30, 2022 entered into between the Acquirer, Escrow Agent and Manager to the Offer
Escrow Agent	ICICI Bank Limited
Emerging Voting Capital	The total voting equity share capital of the Target Company expected as of the 10th (tenth) Working Day from the closure of the Tendering Period for the Offer.
FEMA	The Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder, as amended
FII/FPI	Foreign Institutional Investor or Foreign Portfolio Investor as defined in FEMA
Form of Acceptance/FOA	Form of Acceptance-cum-Acknowledgement
GAAR	General Anti Avoidance Rules
Identified Date	The date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period for the purposes of determining the Public Shareholders to whom the LOF shall be sent
Investment Agreement	The investment agreement dated December 29, 2022 entered into between the Acquirer, Target Company, Mr. Abhijeet Pai, Ms. Jhabakh Ashwini Pai and P.M.F. Estates Private Limited
IT Act	Income Tax Act, 1961, as amended
LOF	Letter of Offer dated [•]
Manager to the Offer/Manager	DAM Capital Advisors Limited
Multilateral Instrument/MLI	Multilateral Instrument shall mean the Multilateral Convention to Implement Tax Treaty related Measures to Prevent Base Erosion and Profit Shifting
NRI	Non-Resident Indian as defined in FEMA
OCB(s)	Erstwhile Overseas Corporate Bodies

TERM	DESCRIPTION
Offer Consideration	INR 38,56,16,731.50/- (Indian Rupees Thirty eight crore fifty six lakh sixteen thousand seven hundred and thirty one and fifty paise only)
Offer Price	INR 115.50/- (Indian Rupees One hundred and fifteen and fifty paise only) per Offer Share payable in cash
Offer Period	The period between the date on which the PA was issued by the Acquirer and the PAC and the date on which the payment of consideration to the Public Shareholders whose Equity Shares are validly accepted in this Offer, is made, or the date on which this Offer is withdrawn, as the case may be
Offer Shares	33,38,673 (Thirty three lakh thirty eight thousand six hundred and seventy three only) Equity Shares
Open Offer	Open offer for acquisition of up to 33,38,673 Equity Shares representing 26.00% of Emerging Voting Capital at the Offer Price, payable in cash
PA	Public Announcement dated December 29, 2022
PAC	Reliance Retail Ventures Limited
PAN	Permanent Account Number
Public Shareholders	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 and SHA 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
RBI	Reserve Bank of India
Registrar to the Offer	KFin Technologies Limited
INR	Indian Rupees
Sale Shares	65,48,935 (Sixty five lakh forty eight thousand nine hundred and thirty five only) Equity Shares agreed to be acquired by the Acquirer from the Sellers under the terms of the SPA
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Sellers	Mr. Ananth P. Pai and Mr. Prakash P. Pai
SHA	The shareholders' agreement dated December 29, 2022 entered into between the Acquirer, Target Company and the Current Promoter and Promoter Group
SPA	The share purchase agreement dated December 29, 2022 entered into between the Acquirer and the Sellers
SCPL	Soubhagya Confectionary Private Limited
SCPL SPA	The share purchase agreement dated December 29, 2022 entered into between the Target Company, SCPL and the shareholders of SCPL namely Mr. Prakash P. Pai, Mr. Ananth P. Pai, Mr. Abhijeet Pai, Ms. Jhabakh Ashwini Pai, Mr. Aditya Pai and Mr. Aman Pai (collectively the "SCPL Selling Shareholders")
Stock Exchange	BSE
STT	Securities Transaction Tax
Target Company	Lotus Chocolate Company Limited

TERM	DESCRIPTION
Tendering Period	Period expected to commence from Tuesday, February 21, 2023 and close on Monday, March 6, 2023, both days inclusive
TRS	Transaction Registration Slip
Underlying Transaction	The transactions contemplated under the SPA and the SHA
Working Day	Working days of SEBI, as defined under the SEBI (SAST) Regulations

Notes:

- (1) All capitalized terms used in this DLOF and not specifically defined herein shall have the meaning as ascribed to them in the SEBI (SAST) Regulations.
- (2) In this DLOF, any reference to the singular will include the plural and vice-versa.

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DLOF WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DLOF HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE PUBLIC SHAREHOLDERS OF LOTUS CHOCOLATE COMPANY LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OPEN OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE PAC OR THE COMPANY WHOSE SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LOF. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER AND THE PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LOF, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND THE PAC DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER – DAM CAPITAL ADVISORS LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JANUARY 12, 2023 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DLOF DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND THE PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OPEN OFFER.

2.1. General Disclaimer

This DLOF together with the PA dated December 29, 2022 and the DPS that was published on January 5, 2023 in connection with the Offer, has been prepared for the purposes of compliance with SEBI (SAST) Regulations. Accordingly, the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of India. Neither the delivery of this DLOF and/or the LOF, under any circumstances, create any implication that there has been no change in the affairs of the Target Company and /or the Acquirer and /or the PAC, since the date hereof or that the information contained herein is correct as at any time subsequent to this date. Nor is it to be implied that the Acquirer and the PAC are under any obligation to update the information contained herein at any time after this date.

No action has been or will be taken to permit this Offer in any jurisdiction where action would be required for that purpose. The LOF shall be sent to all Public Shareholders whose names appear in the register of members of the Target Company, at their stated address, as of the Identified Date. However, receipt of the LOF by any Public Shareholder in a jurisdiction in which it would be illegal to make this Offer, or where making this Offer would require any action to be taken (including, but not restricted to, registration of this DLOF and/or the LOF

under any local securities laws), shall not be treated by such Public Shareholder as an offer being made to them, and shall be construed by them as being sent for information purposes only. Accordingly, no such Public Shareholder may tender his, her or its Equity Shares in this Offer in such jurisdiction.

Persons in possession of the PA, the DPS, this DLOF, the LOF and/or any other advertisement/publication made or delivered in connection with the Offer are required to inform themselves of any relevant restrictions. Any Public Shareholder who tenders his, her or its Equity Shares in this Offer shall be deemed to have declared, represented, warranted and agreed that he, she, or it is authorized under the provisions of any applicable local laws, rules, regulations and statutes to participate in this Offer.

3. DETAILS OF THE OPEN OFFER

3.1 Background of the Open Offer

3.1.1 The Open Offer is a mandatory offer made in accordance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations pursuant to the execution of the SPA and SHA.

3.1.2 A share purchase agreement dated December 29, 2022 ("**SPA**") was entered into between the Acquirer and the Sellers whereby the Acquirer has agreed to acquire 32,74,467 (Thirty two lakh seventy four thousand four hundred and sixty seven) Equity Shares from Mr. Ananth P. Pai and 32,74,468 (Thirty two lakh seventy four thousand four hundred and sixty eight) Equity Shares from Mr. Prakash P. Pai (collectively, "**Sale Shares**") at a price of INR 113.00/- (Indian Rupees One hundred and thirteen only) per Sale Share, for a total consideration of INR 74,00,29,655 (Indian Rupees Seventy four crore twenty nine thousand six hundred and fifty five only) ("**Purchase Consideration**"), subject to and in accordance with the terms of the SPA.

3.1.3 Furthermore, a shareholders' agreement dated December 29, 2022 ("**SHA**") was 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**").

3.1.4 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, in accordance with the SEBI (SAST) Regulations.

3.1.5 Salient features of the SPA are set out below:

a. The obligation of the Acquirer to purchase the Sale Shares is conditional upon the fulfilment of each of the conditions precedent as set out in the SPA to the satisfaction of the Acquirer (unless waived or deferred by the Acquirer) prior to the Long Stop Date (*as defined in the SPA*), which include among others, the following key conditions:

- (i) receipt by the Sellers and the Target Company of requisite consents, corporate approvals (including approvals required from the shareholders of the Target Company) and authorisations necessary for the implementation and completion (as applicable) of the transactions contemplated in the SPA, the SHA, the Investment Agreement and the SCPL SPA (collectively, "**Transaction Documents**");
- (ii) Sellers having obtained a no-objection certificate from the relevant assessing officer of the Income Tax Department, Government of India, under Section 281 of

- the (Indian) Income Tax Act, 1961, for the transfer of the Sale Shares, in a form and substance satisfactory to the Acquirer;
- (iii) the Warranties (*as defined in the SPA*) being true and correct in all respects, and not misleading, on date of the SPA and continuing to remain true and correct in all material respects, and not misleading in any material respect, as on the Closing Date (*as defined in the SPA*);
 - (iv) Sellers and the Target Company having performed and complied with, and not being in breach or default of, all agreements, obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by them on or before the Closing Date;
 - (v) no Material Adverse Effect (*as defined in the SPA*) or event or circumstance that may result in a Material Adverse Effect having occurred;
 - (vi) there being no order or judgment restraining or prohibiting any transaction contemplated in the Transaction Documents and there being no governmental authority or any other person that has instituted or threatened any action or investigation seeking such order or judgment;
 - (vii) Target Company having obtained certain prior approvals/ no-objection certificates from Canara Bank;
 - (viii) Completion of all the conditions precedent contained in the Investment Agreement and the SCPL SPA;
 - (ix) Target Company having completed the transfer of the domain name registration for “lotuschocolate.co.in” and ‘lotuschocolate.com’ from the current registrant Puzzolana Machinery Fabricators Hyderabad LLP to the Target Company; and
 - (x) Target Company having renewed / provided status updates on certain trademarks.
- b. Further, the obligation of the Acquirer to purchase the Sale Shares is conditional upon the Open Offer having been completed in accordance with the SEBI (SAST) Regulations.
 - c. Until the Closing Date, the Sellers are subject to customary standstill covenants. The SPA contains *inter alia* provisions in relation to certain representations, warranties and indemnities provided by the Sellers to the Acquirer.
 - d. The SPA may be terminated by the Acquirer on occurrence of certain events which *inter alia* include:
 - (i) any event that results or is reasonably likely to result in a Material Adverse Effect (*as defined in the SPA*);
 - (ii) a material breach of any of the Warranties or obligations or covenants of the Sellers or the Target Company or any terms of the Transaction Documents;
 - (iii) if the Conditions Precedent under the SPA are not satisfied or are unlikely to be satisfied, unless waived prior to the Long Stop Date (*as defined in the SPA*); or
 - (iv) an Insolvency Event (*as defined in the SPA*) having occurred in relation to the Target Company or any of the Sellers.

3.1.6 Salient features of the SHA are set out below:

- a. On and from the Closing Date (*as defined in the SPA*):
 - (i) the Acquirer shall be the “promoter” of the Target Company and shall be in sole control of the Target Company;
 - (ii) the Acquirer shall be entitled to nominate all directors to the board of the Target Company, except: (I) independent director(s) (who shall be appointed in accordance with the provisions of applicable laws); and (II) 1 (one) director each

- by Promoter Group A (being Mr. Prakash P. Pai, Ms. Vandana Poornima Pai, Mr. Abhijeet Pai and Ms. Jhabakh Ashwini Pai) and Promoter Group B (Mr. Ananth P Pai, Ms. Neeveditha Pai, Mr. Aditya Pai and Mr. Aman Pai) until the 'Fall-Away Date' (i.e. the earlier of: (a) for a particular promoter group, the date on which that promoter group serves a Rights Surrender Notice (*as defined in the SHA*) confirming that all members of that promoter group permanently surrender their specified rights under the SHA and their members and nominee resign from directorship, committee membership and any other office or place of profit that they hold in any group company of the Target Company; or (b) the shareholding of that promoter group falls below 5% (five per cent) of the equity shares in the Target Company);
- (iii) the Current Promoter and Promoter Group, except to the extent of the aforesaid board representation rights and tag along rights available to the Current Promoter and Promoter Group (as mentioned in paragraph (f) below), shall have no rights in respect of the Target Company which are not available to all shareholders of the Target Company;
 - (iv) while members of the Current Promoter and Promoter Group will be identified as part of the promoter group of the Target Company, such classification shall solely be on account of them having been identified as promoters and/or part of the promoter group in offer documents of, or in respect of, the Target Company in the past, and shall not be with any prejudice to the fact that, on and from Closing Date, the Current Promoter and Promoter Group shall cease to be in control of the Target Company and the Acquirer shall be in sole control of the Target Company;
 - (v) the Current Promoter and Promoter Group shall vote along with, and in accordance with the instructions of, the Acquirer on all matters placed at any meeting of the shareholders of the Target Company, subject to certain exclusions as set out in the SHA. No separate consideration is payable by the Acquirer for the same.
- b. Until the completion of the sale of the Sale Shares under the SPA, the Current Promoter and Promoter Group shall not directly or indirectly transfer any securities in the Target Company or any legal or beneficial interest therein or create any encumbrance over them or the voting rights therein or enter into any arrangement therein.
 - c. Without prior written consent of the Acquirer, none of the members of the Current Promoter and Promoter Group shall directly or indirectly and whether in a single or over multiple tranches undertake any transfer which is a Prohibited Transfer under the SHA (being transfer which (i) whether individually or when taken together with any securities of Target Company acquired by any other member of the Current Promoter and Promoter Group or the Acquirer may require the Acquirer to make an open offer upon exercise of 'Right of First Refusal' (both on-market and off-market); or (ii) when taken together with total shareholding of the Current Promoter and Promoter Group and other non-public shareholders of the Target Company may cause the public shareholding to fall below the MPS; or (iii) may result in a Competitor (*as defined in the SHA*) acquiring an interest in such securities; or (iv) is not an absolute conveyance of all right, title and interest in such securities), subject to certain exclusions as set out in the SHA.
 - d. Additionally, any transfer of securities by a member of the Current Promoter and Promoter Group would be subject to restrictions placed under the SHA, whereby: (a) the Acquirer may elect to acquire Equity Shares which are proposed to be sold by the Current Promoter and Promoter Group by way of a market sale; and (b) the Acquirer shall have a 'Right of First Refusal' in regard to Equity Shares which are proposed to be

sold by the Current Promoter and Promoter Group by way of an off-market sale, in accordance with the terms of the SHA. Further the members of the Current Promoter and Promoter Group shall not directly or indirectly create or permit any encumbrance over the securities held by them in favour of any person except with the prior written consent of the Acquirer.

- e. Each member of the Current Promoter and Promoter Group further covenants that they shall not and shall procure that persons' acting in concert with them shall not, directly or indirectly either by themselves or through affiliates or nominees acquire any securities of the Target Company until after the third anniversary of the Closing Date (*as defined in the SHA*) and such acquisition must not be in violation of applicable laws or result in public shareholding falling below the MPS. Subject to the above, the Current Promoter and Promoter Group agree that only the Acquirer shall be entitled to directly or indirectly acquire securities of the Target Company and avail of the creeping acquisition limits specified in Regulation 3(2) of the SEBI (SAST) Regulations.
- f. Subject to each of Promoter Group A and Promoter Group B holding 5% Equity Shares in the Target Company, if the Acquirer proposes to sell a portion of its securities in the Target Company, which would result in the Acquirer ceasing to be in control of the Target Company, to any person other than to its affiliates, the Current Promoter and Promoter Group shall have the right but not the obligation to transfer securities held by them (in a pro-rata manner, i.e. in the same proportion as the securities proposed to be sold by the Acquirer to the total securities held by the Acquirer) together with the Acquirer in the manner set out in the SHA (Tag-Along Right).
- g. Parties acknowledge and agree that the Acquirer and members of the Current Promoter and Promoter Group are not 'persons acting in concert' as prescribed under applicable law, and the execution of the SHA is not intended to create a relationship between them that may be construed to deem them to be 'persons acting in concert' under applicable law.
- h. If pursuant to the Open Offer and the acquisition of the Sale Shares under the SPA, the public shareholding in the Target Company falls below the MPS, then in terms of the SHA, the Acquirer shall undertake such actions as deemed appropriate to meet the MPS requirements within the time permitted under the SCRR and the Current Promoter and Promoter Group and the Target Company agree to cooperate and provide all assistance reasonably required by the Acquirer in relation to the same. The Acquirer and Current Promoter and Promoter Group shall discuss and agree in good faith if the actions required to comply with MPS will include any sale of Equity Shares by the Current Promoter and Promoter Group.
- i. The Sellers and their respective relatives have agreed to certain non-compete, non-solicit and non-hire obligations for a period commencing from the date of the SHA until the expiry of 3 (three) years after the Fall-Away Date as set out in the SHA. It is clarified that no separate consideration is payable for undertaking such obligations.
- j. Upon occurrence of an Event of Default (*as defined in the SHA*) by a member of Promoter Group A or Promoter Group B, and failure by such member to cure such breach within the cure period specified under the SHA, the SHA *inter alia* provides the Acquirer (after the cure period) the right to exercise a call option (at its sole discretion) and require all members of Promoter Group A or Promoter Group B, of which the defaulting member is a part, to sell in one or more tranches such number of securities held by them in the Target Company to the Acquirer or any person designated by the Acquirer in terms of

the SHA. In the event the Acquirer does not exercise such call option right, Promoter Group A or Promoter Group B of which the defaulting member is a part shall be entitled to transfer up to all the securities of the Target Company held by them to one or more persons (other than a competitor) in one or more tranches without being subject to the transfer restrictions set out in the SHA.

- k. The SHA may be terminated by any party:
- (i) upon the Acquirer ceasing to hold at least 10% (ten per cent) of the equity share capital of the Target Company;
 - (ii) upon all the members of the Current Promoter and Promoter Group, and their respective affiliates, ceasing to hold any securities of the Target Company; or
 - (iii) if the Sale Shares are not acquired by the Acquirer in terms of the SPA and the SPA is duly terminated in accordance with its respective terms.

3.1.7 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 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 P.M.F. Estates Private Limited are collectively referred to as “**Promoter Group Subscribers**”) on December 29, 2022, in terms of which, the Target Company shall issue: (i) 2,53,96,600 (Two crore fifty three lakh ninety six thousand six hundred) 0.01% non-convertible non-cumulative redeemable preference shares of INR 10 (Indian Rupees ten only) each to the Acquirer for an aggregate consideration of INR 25,39,66,000 (Indian Rupees Twenty five crore thirty nine lakh sixty six thousand); and (ii) 2,53,96,600 (Two crore fifty three lakh ninety six thousand six hundred) 0.01% non-convertible non-cumulative redeemable preference shares of INR 10 (Indian Rupees ten only) each in aggregate to the Promoter Group Subscribers for an aggregate consideration of INR 25,39,66,000 (Indian Rupees Twenty five crore thirty nine lakh sixty six thousand only) (collectively, “**Subscription RPS**”), subject to and as per the conditions set out in the Investment Agreement and receipt of requisite corporate approvals. The consummation of the Investment Agreement is subject to the completion of the sale and acquisition of the Sale Shares in terms of the SPA. The Subscription RPS would be redeemable at the end of 20 years, provided that the Subscription RPS may be redeemed at any time prior to maturity with the mutual consent of the Target Company and the Subscription RPS holders and in compliance with the Companies Act, 2013 and other applicable statutory and regulatory provisions. The Subscription RPS will not be listed on any stock exchange in India or abroad. The Target Company shall utilize the proceeds from the issuance of the Subscription RPS to the Acquirer to fund capital expenditures, working capital requirements and general corporate purposes of the Target Company. The Target Company shall utilize the proceeds from the issuance of the Subscription RPS to the Promoter Group Subscribers to fund (i) the acquisition of SCPL (*as mentioned in paragraph 3.1.8 below*); and (ii) to redeem the existing preference shares of the Target Company, held by the Sellers.

3.1.8 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 (collectively, “**SCPL Selling Shareholders**”) (all of whom are also part of the Current Promoter and Promoter Group), for the purchase of 100% (one hundred per cent) of the equity share capital of SCPL at a price of INR 121.62/- (Indian Rupees one hundred twenty one and sixty two paise only) per equity share of SCPL aggregating INR 18,00,00,000/- (Indian Rupees eighteen crore only). The parties to the SCPL SPA shall procure that the consummation of the SCPL SPA happens

contemporaneously with (or as nearly thereto as is practically possible) to the closing under the SPA and the Investment Agreement.

- 3.1.9 The Acquirer does not have any nominee directors or representatives on the board of directors of the Target Company as on the date of this DLOF.
- 3.1.10 Pursuant to completion of this Open Offer and the Underlying Transaction contemplated under the SPA and SHA, the public shareholding in the Target Company may fall below the MPS requirement as per Rule 19A of the SCRR read with the SEBI (LODR) Regulations. In such an event, the Acquirer shall undertake such actions within the timelines specified under the 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.
- 3.1.11 The Acquirer and the PAC are not prohibited by SEBI from dealing in securities pursuant to any directions issued under Section 11B of the SEBI Act or under any other regulations made under the SEBI Act.
- 3.1.12 As per Regulations 26(6) and 26(7) of the SEBI (SAST) Regulations, the board of directors of the Target Company is required to constitute a committee of independent directors to publish its written reasoned recommendation on the Open Offer to the Public Shareholders of the Target Company and such recommendation shall be published at least 2 (two) Working Days before the commencement of the Tendering Period, in the same newspapers in which the DPS was published.

3.2 Details of the Proposed Open Offer

- 3.2.1 The Open Offer is a mandatory open offer being made to the Public Shareholders in accordance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations pursuant to the execution of the SPA and SHA. The Acquirer and the PAC are making this Open Offer to acquire from the Public Shareholders up to 33,38,673 (Thirty three lakh thirty eight thousand six hundred and seventy three) fully paid-up Equity Shares ("**Offer Shares**"), constituting 26.00% of the Emerging Voting Capital ("**Offer Size**") at an offer price of INR 115.50/- (Indian Rupees One hundred fifteen and fifty paise only) per Offer Share ("**Offer Price**") in cash, aggregating to a total consideration of INR 38,56,16,731.50 (Indian Rupees Thirty eight crore fifty six lakh sixteen thousand seven hundred thirty one and fifty paise only) (assuming full acceptance) ("**Offer Consideration**").
- 3.2.2 The PA in connection with the Open Offer was filed December 29, 2022 with the BSE. The same was sent to the Target Company and SEBI *vide* letters dated December 29, 2022.
- 3.2.3 In accordance with Regulation 14(3) of the SEBI (SAST) Regulations, the DPS was published in the following newspapers on January 5, 2023:

Newspapers	Language	Editions
Business Standard	English	All editions
Business Standard	Hindi	All editions
Andhra Jyothy	Telugu	Hyderabad edition
Navshakti	Marathi	Mumbai edition

Simultaneously, a copy of DPS was sent through the Manager to the Offer to BSE, SEBI and Target Company.

3.2.4 Copies of PA and DPS are also available on the website of SEBI (www.sebi.gov.in).

3.2.5 There are no partly paid-up Equity Shares in the Target Company.

3.2.6 As on date of this DLOF, the Emerging Voting Capital is as follows:

Particulars	Number of shares	% of Emerging Voting Capital
Fully paid-up Equity Shares as on date	1,28,41,049	100
Partly paid-up Equity Shares as on date	Nil	Nil
Outstanding convertible instruments (such as depository receipts, fully convertible debentures, warrants, or employee stock options)	Nil	Nil
Emerging Voting Capital	1,28,41,049	100

3.2.7 There is no differential pricing for this Open Offer.

3.2.8 This Open Offer is not a competing offer and as on the date of this DLOF, there is no competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.

3.2.9 This Open Offer is not conditional upon any minimum level of acceptance from the Public Shareholders of the Target Company.

3.2.10 The Acquirer and the PAC have not acquired any Equity Shares after the date of the PA, i.e. December 29, 2022 and up to the date of this DLOF.

3.2.11 The Manager to the Offer does not hold any Equity Shares as on the date of this DLOF. The Manager to the Offer further declares and undertakes not to deal on its own account in the Equity Shares during the Offer Period, in terms of Regulation 27(6) of SEBI (SAST) Regulations.

3.3 Object of the Acquisition/Open Offer

3.3.1 The prime objective of the Acquirer and the PAC for the acquisition of Equity Shares is to have substantial holding of Equity Shares, voting rights and acquisition of sole control of the Target Company. The acquisition underlines the Acquirer and PAC's commitment to further boost indigenously developed daily use high quality products to serve a broad customer spectrum. Following the completion of the Underlying Transaction and the Open Offer, the Acquirer and the PAC would look to further expand the business and drive the next growth phase of the Target Company.

3.3.2 Subsequent to the completion of the Open Offer, the Acquirer reserves the right, in consultation with the board of directors of the Target Company, to streamline/ restructure the operations, assets, liabilities and/ or businesses of the Target Company and/ or its subsidiary/(ies), if any, through arrangement/ reconstruction, restructuring, merger, demerger and/ or sale of assets or undertakings, at a later date. Further, in terms of Regulation 25(2) of the SEBI (SAST) Regulations, the Acquirer, in consultation with the board of directors of the Target Company, and based on the requirements of the business of the Target Company and/ or its subsidiary/(ies), if any, and in accordance with applicable laws, may consider

disposal of or creating encumbrance over any assets or investments of the Target Company and/ or its subsidiary/(ies), if any, through sale, lease, reconstruction, restructuring and/or re-negotiation or termination of existing contractual/ operating arrangements, for restructuring and/ or rationalising the assets, investments or liabilities of the Target Company and/ or any of its subsidiary/(ies), if any, to improve operational efficiencies and for other commercial reasons. Decision on these matters will be based on the requirements of the business of the Target Company and/ or its subsidiary/(ies), if any, and such decision will be taken in accordance with and as permitted by applicable laws.

4. BACKGROUND OF THE ACQUIRER AND THE PAC

4.1 Reliance Consumer Products Limited (“Acquirer”)

4.1.1 The Acquirer is an unlisted public company limited by shares. It was incorporated as a public limited company in accordance with the Companies Act, 2013 on November 30, 2022 under its present name. There has been no change in the name of the Acquirer since its incorporation. The CIN of the Acquirer is U52300MH2022PLC394370.

4.1.2 The registered office of the Acquirer is located at Floor-4, Plot-298/302, Court House Lokmanya Tilak Marg, Kalbadevi, Mumbai - 400 002. Tel No.: +91 22 3555 3800.

4.1.3 As per the memorandum of association of the Acquirer, one of the main objects of the Acquirer is to engage in the business of manufacturing, distribution, sales and marketing of consumer products across categories including food, beverages, staples, home and personal care within India and outside India. The business will be operated under its own brands or any other brands owned by Reliance Group, third party sub-licensed brands or as a master franchisee of third party brands. The Acquirer will also set up requisite supply chain infrastructure including setting up manufacturing facility across India.

4.1.4 The Acquirer belongs to the Reliance Group. It is controlled by and is a wholly owned subsidiary of the PAC.

4.1.5 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.

4.1.6 Names, details of experience, qualifications, and date of appointment of the directors on the board of directors of the Acquirer, are as follows:

Sr. No.	Details	Qualifications and Experience
1.	<p>Name: Mr. V. Subramaniam Date of Appointment: December 24, 2022 Designation: Director DIN: 00009621</p>	<p>Qualification: Chartered Accountant and Cost Accountant.</p> <p>Experience: Mr. V. Subramaniam is the Managing Director of the PAC as well as Whole Time Director of Reliance Retail Limited (“RRL”), a subsidiary of the PAC.</p>

Sr. No.	Details	Qualifications and Experience
		<p>Mr. V. Subramaniam has over 25 years of experience in the fields of Finance, accounts, taxation and business management. He has over the years served at various leadership positions in industries ranging from consumer products, petrochemicals, refining to automobiles and retail during his corporate tenure.</p> <p>Mr. V. Subramaniam was member of the Finance, Compliance and Account (FCN&A) leadership team of Reliance Industries Limited. He had also served as Chief Financial Officer of Reliance Jio Infocomm Limited and later as Chief Financial Officer of RRL and the PAC.</p>
2.	<p>Name: Prof. Dipak C. Jain Date of Appointment: December 24, 2022 Designation: Independent Director DIN: 00228513</p>	<p><u>Qualification:</u> M.Sc. in Mathematical Statistics from Guwahati University, India and a Ph.D. in Marketing from the University of Texas at Dallas, USA.</p> <p><u>Experience:</u> Prof. Dipak C. Jain is a distinguished teacher and scholar. He was the Dean of the Kellogg School of Management, Northwestern University, USA from 2001-2009. He also served as the Dean of INSEAD, a leading business school in Fontainebleau (Paris), France. He next performed the role of Director at SASIN Graduate Institute of Business Administration, Chulalongkorn University in Bangkok, Thailand. Currently, Professor Jain is the President (European) of China Europe International Business School (CEIBS). Currently, Professor Jain is Professor of Marketing at China Europe International Business School (CEIBS). He has more than 40 years of experience in management education. He has published several articles in international journals on marketing and allied subjects.</p> <p>Prof. Dipak C. Jain also served as the President (European) of China Europe International Business School from 2017-2022.</p>
3.	<p>Name: Mr. Krishnan Sudarshan Date of Appointment: December 24, 2022 Designation: Independent Director DIN: 01029826</p>	<p><u>Qualification:</u> Engineering graduate from the National Institute of Technology, Kurukshetra</p> <p><u>Experience:</u> K Sudarshan leads EMA Partners across India, Singapore & the Middle East and is part of the global firm's executive board responsible for the Marketing & Communications portfolio. Operating from Mumbai & Singapore, Sudarshan has over 25 years of experience in Executive search and has led successful engagements for both Indian and multinational corporations across</p>

Sr. No.	Details	Qualifications and Experience
		<p>industry sectors and functional disciplines. He also leads the Board and CEO practice for the firm in India. He is an engineering graduate from National Institute of Technology, Kurukshetra and currently pursuing the Owner / President Management Program (OPM) at the Harvard Business School.</p> <p>He is widely networked and recognized as an industry thought leader in India and his views are often sought by leading business media including The Economic Times, The New York Times, CNBC, Fortune, Business Today, and Bloomberg amongst others. He has also written several articles in leading business media across a variety of issues encompassing general management, human resources, and academics.</p>
4.	<p>Name: Mr. Dinesh Taluja Date of Appointment: November 30, 2022 Designation: Director DIN: 08144541</p>	<p>Qualification: B.Tech from IIT Delhi and MBA from IIM Ahmedabad</p> <p>Experience: Mr. Dinesh Taluja was associated with Credit Suisse where he was leading their India's M&A practice. He has 18 years of experience across Investment Banking, Management Consulting & Private Equity and has worked in various roles across Credit Suisse, Standard Chartered Bank, McKinsey & Company and Peepul Capital.</p>
5.	<p>Name: Mr. Krishnakumar Thirumalai Date of Appointment: December 24, 2022 Designation: Director DIN: 00079047</p>	<p>Qualification: BE (Hons) from the College of Engineering, Guindy, Chennai, MBA from Indian Institute of Management, Bangalore and Management Program from The Wharton School, USA</p> <p>Experience: Mr. Krishnakumar Thirumalai has over 4 decades of experience in the FMCG sector, across developing and emerging markets, handling strategy, marketing, sales, distribution and supply chain. Prior to joining RRL, he was the President of Coca Cola India & South West Asia. He was associated with Coca Cola India for 17 years where he was instrumental in making Coca Cola the largest beverage company in India as a market leader with a profitable growth. Before, Coca Cola India, he was associated with Henkel, Tiffany Foods, Parry's Confectionary, Murugappa Electronics and Asian Paints.</p>

4.1.7 As on the date of this DLOF, there are no directors representing the Acquirer on the board of the Target Company.

4.1.8 The shares of the Acquirer are not listed on any stock exchange in India or abroad.

- 4.1.9 As on the date of this DLOF, the Acquirer does not hold any Equity Shares or voting rights in the Target Company. Further, neither the Acquirer nor its directors or key managerial personnel have any relationship with or interest in the Target Company, except for the Underlying Transaction, as detailed in paragraph 3.1 of this DLOF which has triggered the Open Offer.
- 4.1.10 Neither the Acquirer nor any of its directors or key managerial personnel have been categorized or declared: (i) a 'wilful defaulter' by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, in terms of Regulation 2(1)(ze) of the SEBI (SAST) Regulations; or (ii) a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018), in terms of Regulation 2(1)(ja) of the SEBI (SAST) Regulations.
- 4.1.11 The Acquirer has not been prohibited by SEBI, from dealing in securities, in terms of directions issued by SEBI under Section 11B of the SEBI Act or any other regulations made under the SEBI Act.
- 4.1.12 As the Acquirer was incorporated on November 30, 2022, no financial statements of the Acquirer are available as on the date of this DLOF.
- 4.1.13 The Acquirer does not have any contingent liabilities as on the date of this DLOF.

4.2 Reliance Retail Ventures Limited (“PAC”)

- 4.2.1 The PAC is an unlisted public company limited by shares. It was incorporated as a private limited company in accordance with the Companies Act, 1956 on December 13, 2006 under the name of Reliance Commercial Associates Private Limited. The status of the PAC was changed to a public limited company and its name was subsequently changed to Reliance Commercial Associates Limited on June 25, 2007. Thereafter, its name was changed to its present name on August 27, 2013. The CIN of the PAC is U51909MH2006PLC166166.
- 4.2.2 The registered office of the PAC is at 4th Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai - 400 002. Tel No.: +91 22 3555 3800; E-mail: rrvl.secretarial@ril.com.
- 4.2.3 The PAC is primarily engaged in the business of supply chain and logistics management for retail.
- 4.2.4 The PAC belongs to the Reliance Group. It is controlled by and is a subsidiary of Reliance Industries Limited. The shareholding pattern of the PAC as on date is set out below:

Sr. No.	Shareholder's category	No. of equity shares held	%
1.	Promoter (Reliance Industries Limited)	583,77,58,520	85.06
2.	FII/ Mutual Funds/ FIs/ Banks	-	-
3.	Public	102,57,81,234	14.94
Total		686,35,39,754	100.00

- 4.2.5 Names, details of experience, qualifications, and date of appointment of the directors on the board of directors of PAC, are as follows:

Sr. No.	Details	Qualifications and Experience
1.	<p>Name: Mr. Mukesh D. Ambani Date of Appointment: July 16, 2013 Designation: Chairman DIN: 00001695</p>	<p>Qualification: Chemical Engineer from Institute of Chemical Technology, Mumbai, and pursued an MBA from Stanford University.</p> <p>Experience: Mr. Mukesh D. Ambani is the Chairman and Managing Director of Reliance Industries Limited. During his tenure of over four decades, Mr. Mukesh D. Ambani has successfully created a diversified portfolio spanning across Oil & Gas (E&P), Petrochemicals, Refining and Marketing, Organised Retail, Digital Services and Media & Entertainment, to make Reliance India's largest company and amongst the largest in the world. He is currently leading a large initiative in new energy and materials. Each of the businesses of Reliance enjoy global-class rankings.</p> <p>Mr. Mukesh D. Ambani is also associated with various organizations in India and overseas. He is a member of The World Economic Forum Foundation Board and a foreign member at United States National Academy of Engineers (NAE). He is also a member of the Indo-US CEOs Forum, Chair of The British Asian Trust's India Advisory Council, International Advisory Council of The Brookings, McKinsey & Company International Advisory Council, Global Advisory Council of Bank of America, Stanford Global Advisory Council, Business Council and London School of Economics' India Advisory Group.</p> <p>In India, Mr. Mukesh D. Ambani is a member of the Board of Governors of the National Council of Applied Economic Research. He also serves as the Chairman of the Board of Governors for Pandit Deendayal Energy University.</p>
2.	<p>Name: Mr. Manoj Modi Date of Appointment: July 16, 2013 Designation: Director DIN: 00056207</p>	<p>Qualification: Chemical Engineer from the Institute of Chemical Technology, Mumbai.</p> <p>Experience: Mr. Manoj Modi has played an invaluable role in the growth of Reliance Group. He has been associated with Reliance for over four decades and has led several of the initiatives of the Group in this period of time. He has driven the overall corporate strategy for Reliance and has been instrumental in formulation of strategy and policies, project planning & implementation and commercial, financial and regulatory matters. Mr. Manoj Modi was part of the core team, which conceived and executed Reliance's petrochemical project at Hazira and the refinery projects at Jamnagar.</p> <p>Mr. Manoj Modi also drove the Group's first entry into the telecommunications business in 2002. He conceptualized and developed the strategy for setting up Reliance Infocomm (now Reliance Communications Limited), which</p>

Sr. No.	Details	Qualifications and Experience
		<p>was a transformational event for the telecom industry in India.</p> <p>Mr. Manoj Modi has been instrumental in the launch and rapid growth of the retail business spanning multiple formats and supply chain infrastructure of the Group through the PAC, which is now the largest retailer in the country. It is one of the fastest growing retail companies globally with revenues of over US\$ 26 billion.</p> <p>Mr. Manoj Modi also drove the Group's re-entry into the digital and telecommunications business through Jio Platforms Limited and Reliance Jio Infocomm Limited. This project involved setting up one of the most complex 4G broadband wireless services in the world, offering end to end solutions that address the entire value chain across various digital services in key domains of national interest such as Education, Healthcare, Security, Financial Services, Government-Citizen interfaces and Entertainment.</p>
3.	<p>Name: Ms. Isha M. Ambani Date of Appointment: October 11, 2014 Designation: Executive Director DIN: 06984175</p>	<p>Qualification: Graduated from Yale University with a double major in Psychology and South Asian Studies, and MBA from Stanford University.</p> <p>Experience: Ms. Isha M. Ambani is part of the executive leadership teams at Reliance Retail, Reliance Jio and Reliance Foundation.</p> <p>She played a pivotal role in conceptualising and launching Jio in India in 2016. Jio is the world's largest mobile data network.</p> <p>Ms. Isha M. Ambani is driving the expansion of Reliance Retail into new categories, geographies and formats and is focused on enhancing the overall customer experience. Reliance Retail has its presence in food, consumer electronics and fashion retail and is India's largest retailer by reach, scale, revenue and profitability.</p> <p>Ms. Isha M. Ambani is actively involved in spearheading the work done by Reliance Foundation. An art enthusiast, Ms. Isha M. Ambani leads all the art and culture initiatives undertaken by Reliance Foundation in India and internationally. She is passionate about education and anchors the Reliance Foundation's work with children and women.</p>
4.	<p>Name: Mr. Akash M. Ambani Date of Appointment: October 11, 2014</p>	<p>Qualification: Bachelor's in Economics from Brown University.</p> <p>Experience:</p>

Sr. No.	Details	Qualifications and Experience
	<p>Designation: Director DIN: 06984194</p>	<p>Mr. Akash M. Ambani is the Chairman of Reliance Jio Infocomm Limited and has been part of Reliance Jio Infocomm Limited's and Reliance Retail's leadership team. In less than six months of its launch, Jio crossed the 100 million customer mark. He is part of the Reliance Jio Infocomm Limited executive committee, the governing and operating council. As part of it, he participates in the day-to-day operations and decisions of Reliance Jio Infocomm Limited. He is a member of the product leadership group and is closely involved in the development of products and all digital services applications.</p> <p>He is also keenly involved in various employee engagement initiatives.</p>
5.	<p>Name: Mr. Anant M. Ambani Date of Appointment: May 6, 2022 Designation: Director DIN: 07945702</p>	<p>Qualification: Bachelor's degree from Brown University, Rhode Island, USA.</p> <p>Experience: Mr. Anant M. Ambani is part of the leadership team at Reliance and he participates in the day-to-day operations and all strategic decisions of Reliance including new businesses and initiatives. Mr. Anant M. Ambani is also keenly involved in various employee engagement initiatives to bring in a young and vibrant culture.</p> <p>Mr. Anant M. Ambani is a director in Jio Platforms Limited, Reliance Jio Infocomm Limited and other Reliance group companies.</p>
6.	<p>Name: Mr. V Subramaniam Date of Appointment: January 13, 2017 Designation: Managing Director DIN: 00009621</p>	<p>Qualification: Chartered Accountant and Cost Accountant.</p> <p>Experience: Mr. V. Subramaniam is the Managing Director of the PAC as well as whole time director of RRL.</p> <p>Mr. V. Subramaniam has over 25 years of experience in the fields of finance, accounts, taxation and business management. He has over the years served at various leadership positions in industries ranging from consumer products, petrochemicals, refining to automobiles and retail during his corporate tenure.</p> <p>Mr. V. Subramaniam was member of the Finance, Compliance and Account (FCN&A) leadership team of Reliance Industries Limited. He had also served as chief financial officer of Reliance Jio Infocomm Limited and later as chief financial officer of RRL and the RRVL.</p>
7.	<p>Name: Mr. Pankaj Pawar Date of Appointment: February 14, 2017</p>	<p>Qualification: Engineering graduate with master's degree in Business Management.</p>

Sr. No.	Details	Qualifications and Experience
	Designation: Director DIN: 00085077	Experience: Mr. Pankaj Pawar is working as Managing Director with Reliance Jio Infocomm Limited. He has over 28 years of working experience across diverse roles in strategy, corporate development and operations in Reliance and other leading companies. In Reliance, his work has been mainly focused on development and scaling of consumer businesses. Before joining Reliance, he worked with the Tata group's corporate strategy office.
8.	Name: Prof. Dipak C. Jain Date of Appointment: July 16, 2013 Designation: Independent Director DIN: 00228513	Qualification: M.Sc. in Mathematical Statistics from Guwahati University and a Ph.D. in Marketing from the University of Texas at Dallas, USA. Experience: Prof. Dipak C. Jain is a distinguished teacher and scholar. He was the Dean of the Kellogg School of Management, Northwestern University USA, from 2001-2009. He has also served as the Dean of INSEAD, a leading business school in Fontainebleau (Paris), France. He next performed the role of Director at SASIN Graduate Institute of Business Administration, Chulalongkorn University in Bangkok, Thailand. Currently, Professor Jain is Professor of Marketing at China Europe International Business School (CEIBS). He has more than 40 years of experience in management education. He has published several articles in international journals on marketing and allied subjects. Prof. Jain also served as the President (European) of China Europe International Business School from 2017-2022.
9.	Name: Mr. Ranjit V. Pandit Date of Appointment: October 15, 2015 Designation: Independent Director DIN: 00782296	Qualification: MBA from the Wharton School at the University of Pennsylvania (USA), and a B.E. degree in Electrical Engineering from VJTI, University of Bombay, India Experience: Mr. Ranjit V Pandit served as managing director at General Atlantic, LLC between September 2007 and December 2012 and headed the India office where he served as head of the firm's growth investment activities across India. He served as an advisory director of General Atlantic LLC in 2013. Prior to General Atlantic he served as Managing director and Chairman of McKinsey & Company in India. Mr. Ranjit V. Pandit played a leading role in building McKinsey's presence in India and helped a large number of world-class companies strengthen their competitive positions and support their international growth strategies.

Sr. No.	Details	Qualifications and Experience
		He serves as a Non-Executive Director of CEAT Ltd. and Great Eastern Shipping Company Limited.
10.	Name: Mr. Adil Zainulbhai Date of Appointment: October 11, 2014 Designation: Independent Director DIN: 06646490	Qualification: Mechanical Engineering from India Institute of Technology, and MBA from Harvard Business School. Experience: Mr. Adil Zainulbhai is the chairman of Quality Council of India and Capability Building Commission of India. He is also the Chairman of Network18 and TV18 and is currently on the Boards of Reliance Industries Ltd., Larsen & Toubro Ltd. and Cipla Ltd. Mr. Adil Zainulbhai retired as the Chairman of McKinsey & Company, India after 34 years at McKinsey, and the last 10 in India. Mr. Adil is very active in community and social causes. He is a Board member of Piramal Swasthya, Piramal Foundation and Anant National University and others.

- 4.2.6 As on the date of this DLOF, there are no directors representing the PAC on the board of the Target Company.
- 4.2.7 The shares of the PAC are not listed on any stock exchange in India or abroad.
- 4.2.8 As on the date of this DLOF, the PAC does not hold any Equity Shares or voting rights in the Target Company. Further, neither the PAC nor its directors or key managerial personnel have any relationship with or interest in the Target Company, except for the Underlying Transaction, as detailed in paragraph 3.1 of this DLOF which has triggered the Open Offer.
- 4.2.9 Neither the PAC nor any of its directors or key managerial personnel have been categorized or declared: (i) a 'wilful defaulter' by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, in terms of Regulation 2(1)(ze) of the SEBI (SAST) Regulations; or (ii) a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018), in terms of Regulation 2(1)(ja) of the SEBI (SAST) Regulations.
- 4.2.10 The PAC has not been prohibited by SEBI, from dealing in securities, in terms of directions issued by SEBI under Section 11B of the SEBI Act or any other regulations made under the SEBI Act.
- 4.2.11 The key financial information of the PAC as per the consolidated unaudited limited review key financial information as at and for the six month period ended September 30, 2022 and consolidated audited financial information for each of the three financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 of the PAC, extracted from the relevant financial statements, is as follows:

In INR crore, except per share data

Profit and Loss Statement

Particulars	For the six month period ended September 30, 2022 ⁽¹⁾	Financial year ended March 31, 2022 ⁽²⁾	Financial year ended March 31, 2021 ⁽²⁾⁽³⁾	Financial year ended March 31, 2020 ⁽²⁾⁽³⁾
	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue from operations	109,276	174,980	139,077	146,272
Other income	121	1,597	1,526	158
Total Income	109,397	176,577	140,603	146,430
Cost of materials consumed	274	225	1	3
Purchase of stock in trade	95,729	157,514	121,929	123,653
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,249)	(7,863)	(2,711)	1,819
Excise duty				
Employee benefit expenses	1,950	2,527	1,620	1,257
Other expenses	6,478	11,795	9,927	10,009
Profits before depreciation, finance costs, share of profit / (loss) of associates and joint ventures, exceptional items and tax	8,215	12,379	9,837	9,689
Depreciation / amortization and depletion expenses	1,721	2,209	1,836	1,391
Finance costs	692	660	522	951
Profits before share of profit / (loss) of associates and joint ventures, exception items and tax	5,802	9,510	7,479	7,347
Share of profits / (loss) of associates and joint ventures	26	2	(48)	(6)
Profits before exception item and tax	5,828	9,512	7,431	7,341
Exceptional item	-	-	-	-
Profit Before tax	5,828	9,512	7,431	7,341
Total tax expense	1,462	2,457	1,950	1,893
Profit/(Loss) After Tax	4,366	7,055	5,481	5,448

In INR crore, except per share data

Balance Sheet Statement				
Particulars	For the six month period ended September 30, 2022 ⁽¹⁾	Financial year ended March 31, 2022 ⁽²⁾	Financial year ended March 31, 2021 ⁽²⁾⁽³⁾	Financial year ended March 31, 2020 ⁽²⁾⁽³⁾
	(Unaudited)	(Audited)	(Audited)	(Audited)
Assets				
Non-current assets				
- Property, plant and equipment	25,491	20,278	11,980	9,610
- Capital work in progress	21,536	12,299	7,058	6,104

- Goodwill	2,677	2,776	1,994	1,321
- Other intangible assets	11,755	10,057	4,800	1,404
- Other intangible assets under development	16,277	12,823	4,417	2,753
- Financial assets				
a. Investments	2,888	2,831	579	522
b. Loans	9	9	9	30
c. Other financial assets	260	161	109	104
- Deferred tax assets (net)	317	200	210	145
- Other non-current assets	7,187	6,831	230	273
Total Non-current assets	88,397	68,265	31,386	22,266
Current assets				
- Inventories	24,980	21,452	13,140	10,322
- Financial assets				
a. Investments	10,734	17,643	42,787	242
b. Trade receivables	7,874	9,136	6,221	2,869
c. Cash and cash equivalents	487	623	548	488
d. Loans				
e. Other financial assets	6,047	6,353	2,983	1,534
- Other current assets	11,587	9,208	6,638	1,908
Total Current assets	61,709	64,415	72,317	17,363
Assets held for sale				
Total assets	150,106	132,680	103,703	39,629
Equity and Liabilities				
Equity				
Equity share capital	6,864	6,864	6,864	6,000
Other Equity	85,914	81,729	74,662	13,065
Non-controlling interest	2,518	2,446	62	84
Liabilities				
Non-current liability				
- Financial liabilities				
a. Borrowings	6,398	7	-	-
b. Lease liabilities	2,192	2,154	1,825	1,652
c. Other financial liabilities	28	28	55	55
- Deferred payment liabilities				
- Provisions	160	130	90	58
- Deferred tax liabilities (net)	1,926	1,711	1,094	958
- Other non-current liabilities	84	84	34	-
Total Non-current liabilities	10,788	4,114	3,098	2,723
Current liabilities				
- Financial liabilities				
a. Borrowings	26,980	19,908	9,030	4,618
b. Lease liabilities	310	277	195	154
c. Trade payables	13,295	13,816	6,989	6,422

d. Other financial liabilities	979	1,341	1,493	5,356
- Other current liabilities	2,341	2,153	1,294	1,201
- Provisions	117	32	16	6
Total Current liabilities	44,022	37,527	19,017	17,757
Liabilities directly associated with assets held for sale				
Total Equity and Liabilities	150,106	132,680	103,703	39,629

In INR crore, except per share data

Other Financial Data				
Particulars	For the six month period ended September 30, 2022 ⁽¹⁾	Financial year ended March 31, 2022 ⁽²⁾	Financial year ended March 31, 2021 ⁽²⁾⁽³⁾	Financial year ended March 31, 2020 ⁽²⁾⁽³⁾
	(Unaudited)	(Audited)	(Audited)	(Audited)
Dividend Declared (%)				
Net-worth ⁽⁴⁾	92,778	88,593	81,526	19,065
Basic EPS (in INR) - After Exceptional item	6.40	10.32	8.64	9.14
Basic EPS (in INR) - Before Exceptional item	6.40	10.32	8.64	9.14
Diluted EPS (in INR)- After Exceptional item	6.40	10.32	8.64	7.83
Diluted EPS (in INR)- Before Exceptional item	6.40	10.32	8.64	7.83

Notes:

- (1) The key financial information for the six month period ended September 30, 2022 has been extracted from limited reviewed consolidated financial statements of the PAC.
- (2) The key financial information for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 have been extracted from the audited consolidated financial information of the PAC for the respective financial years.
- (3) Financial figures for the financial year ended as at March 31, 2021 and March 31, 2020 are rounded off to the nearest decimal place so as to maintain consistency. Hence, any gap identified in totality shall be on account of the same.
- (4) Net worth is calculated as the sum of equity share capital and other equity for all the periods and hence it includes OCI and capital reserve.

4.2.12 The commitments and contingent liabilities of the PAC on a consolidated basis as on March 31, 2022 are set out below:

In INR crore

SI No.	Particulars	Amount (in INR crore)
	Contingent Liabilities	
(A)	Guarantees	
	(i) Outstanding guarantees furnished to banks including in respect of letters of credit	1,320
	(ii) Performance Guarantees	1
(B)	Claim against the Group Disputed Liabilities not acknowledged as Debts ⁽¹⁾	78
	Commitments	

(A)	Estimated amount of contracts remaining to be executed on capital accounts and not provided for	147
(B)	Uncalled liability on shares and other investments partly paid	-

Notes:

(1) The above disputed liabilities are not expected to have any material effect on the financial position of the group.

5. DETAILS OF SELLERS

5.1 The details of the Sellers are set out below:

Name	Nature of Entity/ Individual	Changes in the names in the past	Registered Office/ Residential Address	Part of promoter/ promoter group of the Target Company	Name of the Group	Name of the stock exchanges where its shares are listed	Shares or voting rights held in the Target Company before entering into the transaction documents ⁽¹⁾	Post transaction holding of shares or voting rights in the Target Company ⁽¹⁾
Mr. Ananth P. Pai	Individual	NA	H.No.1-60/8/6/C-6, Rolling Hills, Opp: Ramky Towers, Gachibowli, Seriligampally, K.V. Rangareddy, Hyderabad – 500 032	Yes	NA	NA	36,60,272 (28.50%)	3,85,805 (3.00%)
Mr. Prakash P. Pai	Individual	NA	House No. 8-2-269/A, Road No. 2, Banjara Hills, Hyderabad – 500034	Yes	NA	NA	36,59,272 (28.50%)	3,84,804 (3.00%)

Notes:

(1) Percentage calculated on the basis of the Emerging Voting Capital.

5.2 The Sellers are not prohibited by SEBI from dealing in securities pursuant to any directions issued under Section 11B of the SEBI Act or under any other regulations made under the SEBI Act.

6. BACKGROUND OF THE TARGET COMPANY

6.1 The Target Company is a public limited company incorporated on October 3, 1988 under the Companies Act, 1956. The name of the Target Company has not undergone any change since its incorporation. The CIN of the Target Company is L15200TG1988PLC009111.

6.2 The registered office of the Target Company is located at 8-2-596, 1st floor, 1B, Sumedha Estates, Avenue-4, Puzzolana Towers, Street No.1, Road No. 10, Banjara Hills, Hyderabad, Telangana - 500 034. Tel No.: +91 40 2335 2607/ 08/ 09; Fax No.: +91 40 2335 2610.

6.3 The Target Company is engaged in the business of manufacture, trade, sale, import and export of ice cream covering, cocoa derivatives and chocolate products (both pure chocolates as well as compound variants).

6.4 The Equity Shares are listed on BSE (Scrip Code: 523475). The ISIN of the Target Company is INE026D01011.

- 6.5 The Equity Shares are frequently traded on BSE Limited for the purposes of Regulation 2(1)(j) of the SEBI (SAST) Regulations. Please refer to paragraph 7.1.2 of this DLOF for further details.
- 6.6 The Target Company does not have partly paid-up equity shares.
- 6.7 As on date of this DLOF, the total authorized share capital of the Target Company is INR 22,00,00,000/- (Indian Rupees Twenty two crore) divided into 1,40,00,000 (One crore forty lakh) Equity Shares of INR 10/- (Indian Rupees Ten only) each and 80,00,000 (Eighty lakh) preference shares of INR 10/- (Indian Rupees Ten only) each and the issued, paid up and subscribed share capital of the Target Company, is INR 20,23,46,490/- (Indian Rupees Twenty crore twenty three lakh forty six thousand four hundred ninety only) divided into 1,28,41,049 (One crore twenty eight lakh forty one thousand forty nine) Equity Shares of INR 10/- (Indian Rupees Ten only), each fully paid up and 73,96,600 (Seventy three lakh ninety six thousand six hundred) redeemable cumulative preference shares of INR 10/- (Indian Rupees Ten only), each fully paid up. The share capital structure of the Target Company is as follows:

Paid-up Equity Shares of Target Company	No. of Equity Shares/voting rights	% of Equity Shares/voting rights
Fully paid-up Equity Shares	1,28,41,049	100
Partly paid-up equity shares	Nil	-
Total paid-up Equity Shares	1,28,41,049	100
Total voting rights in the Target Company	1,28,41,049	100

- 6.8 Further, as on the date of this DLOF, the Emerging Voting Capital is as follows:

Particulars	Number of Shares	% of Emerging Voting Capital
Fully paid-up Equity Shares as on date	1,28,41,049	100
Partly paid-up Equity Shares as on date	Nil	Nil
Outstanding convertible instruments (such as depository receipts, fully convertible debentures, warrants, or employee stock options)	Nil	Nil
Emerging Voting Capital	1,28,41,049	100

- 6.9 As disclosed in the shareholding pattern filed by the Target Company in accordance with Regulation 31 of the SEBI (LODR) Regulations, there are no: (i) partly paid Equity Shares; and (ii) outstanding convertible securities which are convertible into Equity Shares (such as depository receipts, fully convertible debentures, warrants, or employee stock options), issued by the Target Company.
- 6.10 There are no outstanding shares of the Target Company that have been issued but not listed on BSE.
- 6.11 The trading of the Equity Shares is currently not suspended on BSE. The Equity Shares have not been delisted from any stock exchange in India.
- 6.12 No penal/ punitive actions have been taken by BSE against the Target Company.
- 6.13 There have been no mergers/demergers/spin-offs involving the Target Company during the last 3 (three) years.

6.14 Names, details and date of appointment of the directors on the board of directors of the Target Company are as follows:

Name	DIN	Date of Appointment	Designation
Mr. Subramanya Ram Ganpath	02395478	November 05, 2008	Whole Time Director
Mr. Gottemukkala Venkatapathi Raju	02435073	January 30, 2009	Independent and Non-Executive Director
Mr. Bharathan Rajgopalan Thatai	02464132	November 26, 2014	Chairperson (Independent and Non-Executive Director)
Mr. Gangasani Sudhakar Reddy	07261620	February 22, 2021	Non-Independent and Non-Executive Director
Mr. Admala Surya Prakash Reddy	07567290	August 05, 2022	Non-Independent and Non-Executive Director
Ms. Usha Abbagani	09056155	February 12, 2021	Non-Independent and Non-Executive Director

6.15 The Target Company or its promoters and promoter group have not been declared as: (a) wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, in terms of Regulation 2(1)(ze) of the SEBI (SAST) Regulations; or (b) a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018), in terms of Regulation 2(1)(ja) of the SEBI (SAST) Regulations.

6.16 Further, there are no directions subsisting or proceedings pending against the Target Company which have been issued/ initiated by: (a) SEBI under SEBI Act, 1992 and the regulations made thereunder; and/ or (b) any other regulator.

6.17 The key financial information of the Target Company as extracted from its respective audited financial statements as of and for the financial years ended on March 31, 2022, March 31, 2021 and March 31, 2020, and from its unaudited limited review financial statements for the six month period ended September 30, 2022, is as set out below:

In INR crore, except per share data

Profit and Loss Statement				
Particulars	For the six month period ended September 30, 2022 ⁽¹⁾	Financial year ended March 31, 2022 ⁽²⁾	Financial year ended March 31, 2021 ⁽²⁾	Financial year ended March 31, 2020 ⁽²⁾
	(Unaudited)	(Audited)	(Audited)	(Audited)
Income from Operations	37.11	86.97	47.87	69.89
Other Income	0.08	0.20	0.06	0.05
Total Income	37.20	87.18	47.93	69.94
Total Expenditure	37.38	81.16	46.30	69.17
Profit before Depreciation, Interest and Tax	(0.18)	6.53	2.45	1.61
Depreciation	0.08	0.22	0.62	0.65

Profit and Loss Statement				
Particulars	For the six month period ended September 30, 2022 ⁽¹⁾	Financial year ended March 31, 2022 ⁽²⁾	Financial year ended March 31, 2021 ⁽²⁾	Financial year ended March 31, 2020 ⁽²⁾
	(Unaudited)	(Audited)	(Audited)	(Audited)
Interest	0.17	0.31	0.20	0.20
Profit before Tax	(0.42)	6.01	1.63	0.77
Provision for Tax	0.00	0.00	(0.09)	(0.11)
Profit After Tax	(0.42)	6.01	1.72	0.88

In INR crore, except per share data

Balance Sheet Statement				
Particulars	For the six-month period ended September 30, 2022 ⁽¹⁾	Financial year ended March 31, 2022 ⁽²⁾	Financial year ended March 31, 2021 ⁽²⁾	Financial year ended March 31, 2020 ⁽²⁾
	(Unaudited)	(Audited)	(Audited)	(Audited)
Sources of Funds				
Paid up Share Capital	20.24	20.23	20.23	20.23
Reserves and Surplus (excluding revaluation reserves)	(12.84)	(12.42)	(18.43)	(20.20)
Net Worth	7.39	7.81	1.80	0.03
Secured Loans	4.30	7.64	4.57	1.31
Unsecured Loans	4.00	5.96	11.63	12.99
Deferred Tax Liabilities	0.00	0.00	0.00	0.09
Current liabilities	5.13	5.53	3.85	6.43
Non-current Liabilities	0.52	0.52	0.45	0.29
Total	21.34	27.46	22.30	21.05
Net Fixed Assets	1.75	1.60	1.50	2.13
Investments	0.00	0.00	0.00	0.00
Long Term Loans and Advances	0.35	0.35	0.45	0.45
Current Assets	18.27	24.24	19.16	18.07
Net Current Assets	0.97	1.27	1.19	0.41
Total miscellaneous expenditure not written off	0.000	0.00	0.00	0.00
Total	21.34	27.46	22.30	21.05

In INR crore, except per share data

Other Financial Data				
Particulars	For the six month period ended September 30, 2022 ⁽¹⁾	Financial year ended March 31, 2022 ⁽²⁾	Financial year ended March 31, 2021 ⁽²⁾	Financial year ended March 31, 2020 ⁽²⁾
	(Unaudited)	(Audited)	(Audited)	(Audited)

Earnings per share				
Basic Earnings per share (INR)	(0.33)	4.68	1.34	0.72
Diluted Earnings per share (INR)	(0.33)	4.68	1.34	0.72
Dividend declared %	0.00	0.00	0.00	0.00
Return on Net Worth	-5.71%	76.9%	98.17%	2729.41%
Book value per share	-0.005	0.33	-4.35	-5.73

Notes:

- (1) The key financial information for the six month period ended September 30, 2022 has been extracted from limited review report of the unaudited financial results for the half year ended September 30, 2022 submitted to BSE under Regulation 33 of SEBI (LODR) Regulations.
- (2) The key financial information for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 have been extracted from Target Company's annual reports for financial years 2021-2022, 2020-2021 and 2019-2020, respectively.

6.18 The pre and post offer shareholding pattern of the Target Company as on December 31, 2022 assuming full acceptance under the Open Offer is as provided below:

Sr No	Shareholders' category	Shareholding and voting rights prior to the agreement/ acquisition and Offer		Shares/ voting rights agreed to be acquired which triggered the SEBI (SAST) Regulation		Shares/ voting rights to be acquired in the Offer (assuming full acceptance)		Shares/ voting rights after the acquisition and Offer	
		(A)		(B)		(C)		(A)+(B)+(C) = (D)	
		No. of Equity Shares	% ⁽¹⁾	No. of Equity Shares	% ⁽¹⁾	No. of Equity Shares	% ⁽¹⁾	No. of Equity Shares	% ⁽¹⁾
1	Promoter group								
A	Parties to the SPA, if any	73,19,544	57.00	(65,48,935)	(51.00)	-	-	7,70,609	6.00
B	Promoters and promoter group other than (A) above	19,34,476	15.07	-	-	-	-	19,34,476	15.07
	Total 1 (A+B)	92,54,020	72.07	(65,48,935)	(51.00)	-	-	27,05,085	21.07
2	Acquirer and PAC								
A	Acquirer	-	-	65,48,935	51.00	33,38,673	26.00%	98,87,608	77.00
B	PAC	-	-	-	-	-	-	-	-
	Total 2 (A+B)	-	-	65,48,935	51.00	33,38,673	26.00%	98,87,608	77.00
3	Parties to agreement (other than 1 or 2)	-	-	-	-	-	-	-	-
4	Public (other than under 1, 2 and 3)								
A	FPIs/ FIIs/ FIs/ MFs/ Banks/ AIFs/ Foreign bodies	2,700	0.02	-	-	(33,38,673)	(26.00%)	2,48,356 ⁽²⁾	1.93 ⁽²⁾
B	Others	35,84,329	27.91	-	-				
	Total 4 (A+B)	35,87,029	27.93	-	-	(33,38,673)	(26.00%)	2,48,356⁽²⁾	1.93⁽²⁾
	Grand Total (1+2+3+4)	1,28,41,049	100.00	-	-	-	-	1,28,41,049	100.00

Notes:

- (1) Percentage calculated on the basis of Emerging Voting Capital.

- (2) Pursuant to completion of this Open Offer and the Underlying Transaction contemplated under the SPA and SHA, the public shareholding in the Target Company may fall below the MPS requirement as per Rule 19A of the SCRR read with the SEBI (LODR) Regulations. In such an event, the Acquirer shall undertake such actions within the timelines specified under the 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.
- (3) The number of shareholders of the Target Company in the “public category” as on December 31, 2022 is 10,926.

6.19 The Acquirer and the PAC have not acquired any Equity Shares after the date of PA till the date of the DLOF.

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The Equity Shares are listed on BSE Limited (Scrip Code: 523475). The ISIN of the Target Company is INE026D01011.

7.1.2 The trading turnover of the Equity Shares on BSE during the twelve calendar months preceding the calendar month in which the public announcement was required to be made, i.e., from December 1, 2021 to 30 November 2022, is as set out below:

Stock Exchange	Number of Equity Shares traded (“A”)	Total number of Equity Shares (“B”)	Trading turnover (as % of total equity shares) (A/B)
BSE	25,99,921	1,28,41,049	20.25%

(Source: www.bseindia.com)

7.1.3 Based on the above, the Equity Shares of the Target Company are frequently traded on BSE in accordance with Regulation 2(1)(j) of the SEBI (SAST) Regulations.

7.1.4 The Offer Price of INR 115.50/- (India Rupees one hundred and fifteen and fifty paise only) per Equity Share has been determined in terms of Regulations 8(1) and 8(2) of the SEBI (SAST) Regulations, being higher than the following:

SL. No.	Particulars	INR Per Equity Share
A	The highest negotiated price per share of the Target Company for any acquisition under the agreements attracting the obligations to make a public announcement of an open offer ⁽¹⁾	113.00
B	The volume-weighted average price paid or payable for acquisitions, whether by the Acquirer or the PAC during the 52 weeks immediately preceding the date of the PA	NA
C	The highest price paid or payable for any acquisition whether by the Acquirer or the PAC, during the 26 weeks immediately preceding the date of the PA	NA
D	The volume weighted average market price of such equity shares for a period of 60 trading days immediately preceding the date of the PA as traded on the BSE, being the only	115.27

	exchange where the equity shares are traded, given that the equity shares are frequently traded in terms of the SEBI (SAST) Regulations ⁽²⁾	
E	Where the equity shares are not frequently traded, the price determined by the Acquirer and the Manager to the Offer taking into account valuation parameters including book value, comparable trading multiples and such other parameters as are customary for valuation of shares of such companies	NA ⁽²⁾
F	The per share value computed under Regulation 8(5), if applicable	NA ⁽³⁾

(Source: Certificate dated December 29, 2022 issued by Chaturvedi & Shah LLP, Chartered Accountants (FRN: 101720W/W100355) (Jignesh Mehta, Partner, membership no.: 102749))

Notes:

(1) As mentioned in paragraph 3.1.7 of this DLOF, the Acquirer has entered into the Investment Agreement with the Target Company and the Promoter Group Subscribers on December 29, 2022, in terms of which, Target Company shall issue: (i) 2,53,96,600 Subscription RPS to the Acquirer for an aggregate consideration of INR 25,39,66,000; and (ii) 2,53,96,600 Subscription RPS in aggregate to the Promoter Group Subscribers for an aggregate consideration of INR 25,39,66,000. As the investment under the Investment Agreement is being made in non-convertible redeemable preference shares and not Equity Shares, and since such non-convertible redeemable preference shares do not fall under the definition of 'Shares' under Regulation 2(1)(v) of the SEBI (SAST) Regulations, the same is not considered as an agreement attracting obligation to make an open offer and accordingly the same is not being considered for the purpose of determination of the Offer Price in terms of Regulation 8(1) and 8(2) of the SEBI (SAST) Regulations.

(2) Not applicable as the Equity Shares are frequently traded.

(3) Not applicable since the acquisition is not an indirect acquisition

7.1.5 In view of the parameters considered and presented in the aforesaid table, the Offer Price per Equity Share is higher than numbers A to F above. Accordingly, the Offer Price is justified in terms of the SEBI (SAST) Regulations.

7.1.6 Since the date of the PA and as on the date of this DLOF, there have been no corporate actions by the Target Company warranting adjustment of any of the relevant price parameters under Regulation 8(9) of the SEBI (SAST) Regulations. The Offer Price may be adjusted in the event of any corporate actions like bonus, rights issue, stock split, consolidation, dividend, demergers, and reduction etc. where the record date for effecting such corporate actions falls prior to 3 (three) Working Days before the commencement of the Tendering Period of the Offer, in accordance with Regulation 8(9) of the SEBI (SAST) Regulations.

7.1.7 In the event of any acquisition of Equity Shares by the Acquirer or the PAC during the Offer Period, at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. However, the Acquirer and/or the PAC shall not acquire any Equity Shares after the 3rd (third) Working Day prior to the commencement of the Tendering Period of this Offer and until the expiry of the Tendering Period of this Offer.

7.1.8 As on the date of this DLOF, there is no revision in the Offer Price or Offer Size. An upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, may also be done at any time prior to the commencement of the last 1 (one) Working Day before the commencement of the Tendering Period of this Offer in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. Such revision would be done in compliance with other formalities prescribed under the SEBI (SAST) Regulations. In the event

of such revision, the Acquirer and the PAC shall: (i) make corresponding increase to the escrow amount; (ii) make an announcement in the same newspapers in which the DPS was published; and (iii) simultaneously notify BSE, SEBI and the Target Company at its registered office of such revision.

- 7.1.9 If the Acquirer and/or the PAC acquire Equity Shares during the period of 26 (twenty six) weeks after the Tendering Period at a price higher than the Offer Price, then the Acquirer shall pay the difference between the highest acquisition price and the Offer Price, to all shareholders whose shares have been accepted in the Open Offer within 60 (sixty) days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another open offer under the SEBI (SAST) Regulations, or pursuant to the SEBI (Delisting of Equity Shares) Regulations, 2021, or open market purchases made in the ordinary course on the stock exchange, not being negotiated acquisition of shares of the Target Company in any form.

7.2 Financial Arrangements

- 7.2.1 The total funding requirement for the Open Offer, assuming full acceptance, i.e., for the acquisition of 33,38,673 (Thirty three lakh thirty eight thousand six hundred and seventy three) Equity Shares, at the Offer Price of INR 115.50/- (Indian Rupees One hundred and fifteen and fifty paise only) per Equity Share is INR 38,56,16,731.50/- (Indian Rupees Thirty eight crore fifty six lakh sixteen thousand seven hundred and thirty one and fifty paise only).
- 7.2.2 In accordance with Regulation 17 of the SEBI (SAST) Regulations, the Acquirer and the Manager to the Offer have entered into an escrow agreement with ICICI Bank Limited (acting through its branch located at 5th Floor, HT Parekh Marg, Backbay Reclamation, Churchgate, Mumbai - 400020, the “Escrow Agent”) on December 30, 2022 (“Escrow Agreement”) and by way of security for performance by the Acquirer of its obligations under the SEBI (SAST) Regulations, the Acquirer has created an escrow account named “RCPL – LCCL Escrow Account” (“Escrow Account”) with the Escrow Agent. In accordance with the requirements of Regulation 17 of the SEBI (SAST) Regulations, the Acquirer has deposited in cash an aggregate of INR 10,00,00,000/- (Indian Rupee Ten crore only) into the Escrow Account. The amount deposited in the Escrow Account is in compliance with the requirements of deposit of escrow amount as per Regulation 17 of the SEBI (SAST) Regulations, i.e. in excess of 25% of the Offer Consideration. Further, fixed deposits have been created against the aforesaid escrow amount and a lien has been marked in favour of the Manager to the Offer on the said fixed deposits.
- 7.2.3 The Acquirer has authorised the Manager to the Offer to operate and realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.
- 7.2.4 The Escrow Agent is neither an associate company nor a group company of the Acquirer or the Target Company.
- 7.2.5 The PAC *vide* its board resolution dated December 20, 2022 has resolved to provide financial assistance / support to the Acquirer. Further, *vide* its resolution dated December 29, 2022, the PAC has approved setting aside the amount required by the Acquirer for meeting its obligations under the Open Offer. The source of funds for the PAC is its internal resources. After considering the aforementioned, as well as the available cash and cash equivalents and liquid securities available with the PAC as at September 30, 2022, Chaturvedi & Shah LLP, Chartered Accountants (FRN: 101720W/W100355) (Jignesh Mehta, Partner, membership no.: 102749), *vide* their certificate dated December 29, 2022 has certified that the Acquirer and the PAC have adequate and firm financial resources / arrangements through verifiable means to fulfil their obligations under the underlying transactions contemplated under the SPA and

the Open Offer, in terms of Regulation 25(1) of the SEBI (SAST) Regulations.

- 7.2.6 Based on the above, the Manager to the Offer is satisfied, (a) about the adequacy of resources to meet the financial requirements for the Open Offer and the ability of the Acquirer and the PAC to implement the Open Offer in accordance with the SEBI (SAST) Regulations; and (b) that firm arrangements for payment through verifiable means are in place to fulfil the Open Offer obligations.
- 7.2.7 In case of any upward revision in the Offer Price or Offer Size, the corresponding increase to the escrow amount as mentioned above shall be made by the Acquirer in terms of Regulation 17(2) of the SEBI (SAST) Regulations, prior to effecting such revision.

8. TERMS AND CONDITIONS OF THE OPEN OFFER

8.1 Operational Terms and Conditions

- 8.1.1 The Offer is being made by the Acquirer and the PAC to: (a) all the Public Shareholders, whose names appear in the register of members of the Target Company as of the close of business on the Identified Date; (b) the beneficial owners of the Equity Shares whose names appear as beneficiaries on the records of the respective Depositories, as of the close of business on the Identified Date; and (c) those persons who acquire the Equity Shares any time prior to the Offer Closing Date but who are not the registered Public Shareholders. The LOF shall be sent to all Public Shareholders holding Equity Shares whose names appear in the register of members of the Target Company and the records of the respective Depositories on the Identified Date.
- 8.1.2 The Acquirer along with the PAC is making this Offer to all Public Shareholders to acquire up to 33,38,673 Equity Shares, constituting 26.00% of the Emerging Voting Capital, subject to the terms and conditions mentioned in the PA, DPS and the LOF.
- 8.1.3 In terms of the indicative schedule of major activities, the Tendering Period for the Open Offer is expected to commence on Tuesday, February 21, 2023 and close on Monday, March 6, 2023.
- 8.1.4 The Public Shareholders who tender their Equity Shares in this Open Offer shall ensure that they have good and valid title on the Offer Shares. The Equity Shares tendered under this Open Offer shall be fully paid-up, free from all liens, charges, equitable interests and encumbrances and shall be tendered together with all rights attaching thereto, including all rights to dividends, bonuses and rights offers, if any, declared hereafter, and the tendering Public Shareholders shall have obtained all necessary consents for them to sell the Equity Shares on the foregoing basis.
- 8.1.5 This Open Offer is not conditional upon any minimum level of acceptance.
- 8.1.6 The Identified Date for this Open Offer as per the indicative schedule of major activities is Tuesday, February 7, 2023. The Identified Date is only for the purpose of determining the Public Shareholders as on such date to whom the LOF would be sent. It is clarified that all the Public Shareholders (even if they acquire Equity Shares and become shareholders of the Target Company after the Identified Date) are eligible to participate in the Open Offer.
- 8.1.7 The marketable lot for the Equity Shares for the purpose of this Open Offer shall be 1. Public Shareholders can participate in the Offer by offering their shareholding in whole or in part.

- 8.1.8 This Open Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
- 8.1.9 All the Equity Shares validly tendered under this Offer will be acquired by the Acquirer in accordance with the terms and conditions set forth in the PA, DPS and LOF, to the extent of the Offer Size.
- 8.1.10 In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Public Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period or thereafter.
- 8.1.11 Copies of PA and DPS are available on the website of SEBI at www.sebi.gov.in and copies of DLOF and LOF will be available on the website of SEBI at www.sebi.gov.in.
- 8.1.12 The Acquirer reserves the right to revise the Offer Price and/or the number of Offer Shares upwards at any time prior to the commencement of the last 1 (one) Working Day before the commencement of the Tendering Period, i.e., up to Friday, February 17, 2023, in accordance with the SEBI (SAST) Regulations. In the event of such revision, in terms of Regulation 18(5) of the SEBI (SAST) Regulations, the Acquirer shall (i) make a corresponding increase to the escrow amount, (ii) make an announcement in the same newspapers in which the DPS was published, and (iii) simultaneously notify BSE, SEBI and the Target Company at its registered office. In case of any revision of the Offer Price, the Acquirer will pay such revised price for all the Equity Shares validly tendered in the Open Offer and accepted under the Open Offer in accordance with the terms of the LOF.
- 8.1.13 The instructions, authorizations and provisions contained in the FOA constitute part of the terms of the Open Offer. The Public Shareholders can write to the Registrar to the Offer/ Manager to the Offer requesting for the LOF along with the FOA. Alternatively, the LOF along with the FOA will also be available at SEBI's website (www.sebi.gov.in), and the Public Shareholders can also apply by downloading such forms from the website.
- 8.1.14 Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/restriction from other statutory authorities wherein the Public Shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation, are liable to be rejected.

8.2 Locked-in Equity Shares

- 8.2.1 As on the date of this DLOF, no Equity Shares of the Target Company are locked-in. If any locked-in Equity Shares are tendered in the Open Offer, they may be acquired by the Acquirer subject to the continuation of the residual lock-in period in the hands of the Acquirer, as may be permitted under applicable law. The Manager to the Open Offer shall ensure that there shall be no discrimination in the acceptance of locked-in and non locked-in Equity Shares.

8.3 Eligibility for accepting the Open Offer

- 8.3.1 All Public Shareholders, registered or unregistered, who hold Equity Shares and are able to tender such Equity Shares in this Offer at any time before the Offer Closing Date are eligible to tender such Equity Shares in this Open Offer (subject to the approvals that they may need to obtain as stated in paragraph 8.4 of this DLOF).
- 8.3.2 The acceptance of this Open Offer by Public Shareholders must be absolute and unqualified. Any acceptance of this Open Offer which is conditional or incomplete in any respect will be

rejected without assigning any reason whatsoever.

- 8.3.3 Persons who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the LOF, may also participate in this Open Offer. Incomplete applications, including non-submission of necessary enclosures, if any, are liable to be rejected. Accidental omission to send LOF to any person to whom the Offer is made or the non-receipt or delayed receipt of the LOF by any such person will not invalidate the Offer in any way.
- 8.3.4 The acceptance of this Open Offer is entirely at the discretion of the Public Shareholder(s) of the Target Company.
- 8.3.5 None of the Acquirer, the PAC, the Manager or the Registrar to the Offer accept any responsibility for any loss of documents during transit (including but not limited to Offer acceptance forms, copies of delivery instruction slips, etc.), and Public Shareholders are advised to adequately safeguard their interest in this regard.
- 8.3.6 The acceptance of Equity Shares tendered in the Open Offer will be made by the Acquirer in consultation with the Manager to the Offer.
- 8.3.7 All Public Shareholders, (including resident or non-resident shareholders) must obtain all requisite approvals required, if any, to tender the Offer Shares (including without limitation, the approval from the RBI) held by them, in the Offer and submit such approvals, along with the other documents required to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer. Further, if the holders of the Equity Shares who are not persons resident in India had required any approvals (including from the RBI, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Offer Shares held by them, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Offer Shares.

8.4 **Statutory and other Approvals**

- 8.4.1 To the best of the knowledge of the Acquirer, there are no statutory or other approvals required to complete the Underlying Transaction and the Open Offer as on the date of this DLOF. If, however, any statutory or other approval becomes applicable prior to completion of such acquisitions, the Open Offer would also be subject to such other statutory or other approval(s) being obtained.
- 8.4.2 In terms of Regulation 23 of the SEBI (SAST) Regulations, in the event that, for reasons outside the reasonable control of the Acquirer and the PAC, the approvals specified in paragraph 8.4 of this DLOF or those which become applicable prior to completion of the Open Offer are not received or any of the conditions precedent under the SPA as specified in paragraph 3.1.5(a) of this DLOF are not met, then the Acquirer and the PAC shall have the right to withdraw the Open Offer. In the event of such a withdrawal of the Open Offer, the Acquirer and the PAC (through the Manager) shall, within 2 (two) Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.
- 8.4.3 NRIs, OCBs and other non-resident holders of the Equity Shares, if any, must obtain all requisite approvals/exemptions required, including without limitation, the approval from the

RBI, if any, to tender the Equity Shares held by them in this Offer and submit such approvals/exemptions along with the documents required to accept this Offer. Further, if the Public Shareholders who are not persons resident in India (including NRIs, OCBs, FIIs, FPIs) had required any approvals (including from the RBI or any other regulatory authority/ body) at the time of the original investment in respect of the Equity Shares held by them currently, they will be required to submit copies of such previous approvals that they would have obtained for acquiring/holding the Equity Shares, along with the other documents required to be tendered to accept this Offer. If the aforementioned documents are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer.

- 8.4.4 Public Shareholders classified as OCBs, if any, may tender the Equity Shares held by them in the Open Offer pursuant to receipt of approval from the RBI under the Foreign Exchange Management Act, 1999 and the regulations made thereunder. Such OCBs shall approach the RBI independently to seek approval to tender the Equity Shares held by them in the Open Offer.
- 8.4.5 Subject to the receipt of the statutory and other approvals, if any, the Acquirer shall complete payment of consideration within 10 (ten) Working Days from the closure of the Tendering Period to those Public Shareholders whose documents are found valid and in order and are approved for acquisition by the Acquirer.
- 8.4.6 Where any statutory or other approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory or other approvals are required in order to complete this Open Offer.
- 8.4.7 In case of delay/non-receipt of any statutory and other approvals referred to in paragraph 8.4 of this DLOF, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that the non-receipt of the requisite statutory approval(s) was not attributable to any willful default, failure or neglect on the part of the Acquirer and the PAC to diligently pursue such approval(s), grant an extension of time for the purpose of completion of this Open Offer, subject to such terms and conditions as may be specified by SEBI, including payment of interest by the Acquirer to the Public Shareholders at such rate, as may be prescribed by SEBI from time to time, in accordance with Regulations 18(11) and 18(11A) of the SEBI (SAST) Regulations.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OPEN OFFER

- 9.1 All Public Shareholders, registered or unregistered, holding Equity Shares in dematerialized form or physical form, are eligible to participate in this Offer at any time from Offer Opening Date to Offer Closing Date.
- 9.2 BSE shall be the designated stock exchange for the purpose of tendering shares in the Offer ("**Designated Stock Exchange**").
- 9.3 In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Equity Shares agreed to be acquired in this Offer, the Acquirer shall accept those Equity Shares validly tendered by such Public Shareholders on a proportionate basis in consultation with the Manager to the Offer.
- 9.4 **Procedure for acceptance and settlement of the Offer**
 - 9.4.1 The Open Offer will be implemented by the Acquirer and/or the PAC through the stock exchange mechanism made available by BSE in the form of a separate window ("**Acquisition**

Window) as provided under the SEBI (SAST) Regulations and SEBI circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 issued by SEBI as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 and SEBI circular SEBI/HO/CFD/DCR-III/CIR/P/2021/615 dated August 13, 2021, as amended from time to time, including any guidelines and circulars issued in relation to the same by BSE or the Clearing Corporation (**“Acquisition Window Circulars”**).

- 9.4.2 The facility for acquisition of Equity Shares through stock exchange mechanism pursuant to the Open Offer shall be available on BSE in the form of a separate Acquisition Window.
- 9.4.3 The Acquirer has appointed ICICI Securities Limited (**“Buying Broker”**) as its broker for the Open Offer through whom the purchases and settlement of the Offer Shares tendered in the Open Offer shall be made. The contact details of the Buying Broker are as mentioned below:

ICICI Securities Limited

Address: ICICI Venture House, Appasaheb Marathe Marg
Prabhadevi, Mumbai 400025

Contact Person: Mitesh Shah; **Tel. No.:** +91 22 6807 7463; **Fax No.:** +91 22 6807 7803;

Email: mitesh.shah@icicisecurities.com

- 9.4.4 Public Shareholders who desire to tender their Equity Shares under the Open Offer would have to intimate their respective stock brokers (**“Selling Broker”**) within the normal trading hours of the secondary market, during the Tendering Period.
- 9.4.5 A separate Acquisition Window will be provided by BSE to facilitate placing of sell orders. The Selling Broker would be required to place an order/bid on behalf of the Public Shareholders who wish to tender Equity Shares in the Open Offer using the Acquisition Window of BSE. Before placing the order /bid, the Selling Broker will be required to mark lien on the tendered Equity Shares in terms of SEBI circular SEBI/HO/CFD/DCR-III/CIR/P/2021/615 dated August 13, 2021. Details of such Equity Shares marked as lien in the demat account of the Public Shareholder shall be provided by the depositories to the Indian Clearing Corporation Limited (**“Clearing Corporation”**). Upon finalization of the entitlement, only accepted quantity of Equity Shares will be debited from the demat account of the concerned Public Shareholder.
- 9.4.6 Public Shareholders shall tender their Equity Shares only through a broker with whom such shareholder is registered as client (KYC compliant).
- 9.4.7 In the event Selling Broker(s) are not registered with BSE or if the Public Shareholder does not have any stock broker, that Public Shareholder can approach any BSE registered stock broker and can make a bid by using quick unique client code (**“UCC”**) facility through that BSE registered stock broker after submitting the details as may be required by the stock broker to be in compliance with applicable law and regulations. The Public Shareholder approaching BSE registered stock broker (with whom it does not have an account) may have to submit following details:

(i) In case of Public Shareholder being an individual:

(a) If Public Shareholder is registered with KYC Registration Agency (**“KRA”**): Forms required:

1. Central Know Your Client (**“CKYC”**) form including Foreign Account Tax Compliance Act (**“FATCA”**), In Person Verification (**“IPV”**), Original Seen and Verified (**“OSV”**), if applicable
2. Know Your Client (**“KYC”**) form documents required (all documents self-attested):

- Bank details (cancelled cheque)
- 3. Demat details for Equity Shares in demat mode (demat master/latest demat statement)

(b) If Public Shareholder is not registered with KRA: Forms required:

1. CKYC form including FATCA, IPV, OSV, if applicable
2. KRA form
3. KYC form documents required (all documents self-attested):
 - PAN card copy
 - Address proof
 - Bank details (cancelled cheque)
4. Demat details for Equity Shares in demat mode (demat master /latest demat statement)

It may be noted, that other than submission of above forms and documents, in person verification may be required.

(ii) In case of Public Shareholder, being a Hindu Undivided Family (“HUF”):

(a) If Public Shareholder is registered with KRA: Forms required:

1. CKYC form of karta including FATCA, IPV, OSV if applicable
2. KYC form documents required (all documents self-attested):
 - Bank details (cancelled cheque)
3. Demat details for Equity Shares in demat mode (demat master/latest demat statement)

(b) If Public Shareholder is not registered with KRA: Forms required:

1. CKYC form of karta including FATCA, IPV, OSV if applicable
2. KRA form
3. KYC form documents required (all documents self-attested):
 - PAN card copy of HUF & karta
 - Address proof of HUF & karta
 - HUF declaration
 - Bank details (cancelled cheque)
4. Demat details for Equity Shares in demat mode (demat master/latest demat statement)

It may be noted, that other than submission of above forms and documents, in person verification may be required.

(iii) In case of Public Shareholder other than Individual and HUF:

(a) If Public Shareholder is KRA registered: Form required

1. KYC form documents required (all documents certified true copy):
 - Bank details (cancelled cheque)
2. Demat details for Equity Shares in demat mode (demat master/latest demat statement)
3. FATCA, IPV, OSV if applicable
4. Latest list of directors/authorised signatories/partners/trustees
5. Latest shareholding pattern
6. Board resolution
7. Details of ultimate beneficial owner along with PAN card and address proof

8. Last 2 years financial statements

(b) If Public Shareholder is not KRA registered: Forms required:

1. KRA form
2. KYC form documents required (all documents certified true copy):
 - PAN card copy of company/ firm/trust
 - Address proof of company/firm/trust
 - Bank details (cancelled cheque)
3. Demat details for Equity Shares in demat mode (demat master/latest demat statement)
4. FATCA, IPV, OSV if applicable
5. Latest list of directors/authorised signatories/partners/trustees
6. PAN card copies & address proof of directors/authorised signatories/partners/trustees
7. Latest shareholding pattern
8. Board resolution/partnership declaration
9. Details of ultimate beneficial owner along with PAN card and address proof
10. Last 2 years financial statements
11. Memorandum of association/partnership deed /trust deed

It may be noted that, other than submission of above forms and documents, in person verification may be required.

It may be noted that the above-mentioned list of documents is an indicative list. The requirement of documents and procedures may vary from broker to broker.

- 9.4.8 The cumulative confirmed quantity tendered and the demand schedule shall be displayed on BSE's website (www.bseindia.com) throughout the trading session at specific intervals by BSE during the Tendering Period.
- 9.4.9 Modification/cancellation of bids will not be allowed during the Tendering Period. Multiple bids made by single Public Shareholder for selling the Equity Shares shall be clubbed and considered as 'one' bid for the purposes of acceptance.
- 9.4.10 The reporting requirements for non-resident shareholders under Foreign Exchange Management Act, 1999, as amended and any other rules, regulations, guidelines, for remittance of funds, shall be made by the Public Shareholder and/ or their Selling Broker.

9.5 Procedure for tendering Equity Shares held in dematerialised form

- 9.5.1 Public Shareholders who are holding Equity Shares in dematerialized form and who desire to tender their Equity Shares in dematerialized form under the Open Offer would have to do so through their respective Selling Broker by giving the details of Equity Shares they intend to tender under the Open Offer. Public Shareholders should tender their Equity Shares before market hours close on the last day of the Tendering Period.
- 9.5.2 The Selling Broker would be required to place an order/bid on behalf of the Public Shareholders who wish to tender Equity Shares in the Open Offer using the Acquisition Window of BSE. Before placing the bid, the Selling Broker would be required to mark lien on the tendered Equity Shares.
- 9.5.3 The lien shall be marked by the Selling Broker in the demat account of the Public Shareholder

for the Equity Shares tendered in the Open Offer. Details of such Equity Shares marked as lien in the demat account of the Public Shareholder shall be provided by the depositories to the Clearing Corporation.

- 9.5.4 Upon placing the bid, the Selling Broker shall provide TRS generated by the stock exchange bidding system to the Public Shareholder. TRS will contain details of order/bid submitted such as bid identification number, depository participant identification, client identification number, number of Equity Shares tendered, etc.
- 9.5.5 On receipt of TRS from the respective Selling Broker, the Public Shareholder has successfully placed the bid in the Open Offer. Modification/cancellation of orders will not be allowed during the Tendering Period of the Offer.
- 9.5.6 For custodian participants placing orders for Equity Shares in dematerialized form, early pay-in is mandatory prior to confirmation of the order by the custodian. The custodians shall either confirm or reject orders not later than the time provided by BSE on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected.
- 9.5.7 The details of settlement number for early pay-in of equity shares shall be informed in the issue opening circular that will be issued by BSE / the Clearing Corporation, before the opening of the Offer.
- 9.5.8 Public Shareholders will have to ensure that they keep their DP account active and unblocked to successfully facilitate the tendering of Equity Shares.
- 9.5.9 Resident Public Shareholders holding shares in dematerialized form are not required to fill any FOA, unless required by their respective Selling Broker.
- 9.5.10 Non-resident Public Shareholders (i.e., Public Shareholders not residing in India including NRIs, OCBs and FPIs) are mandatorily required to fill the FOA. The non-resident Public Shareholders holding Equity Shares in dematerialised mode, directly or through their respective Selling Brokers, are required to send the FOA along with the required documents to the Registrar to the Offer, i.e. KFin Technologies Limited at Selenium Building, Tower- B, Plot No 31 & 32, Gachibowli, Financial District Nanakramguda, Serilingampally, Hyderabad Rangareddi – 500032. The envelope should be superscribed as “LOTUS CHOCOLATE COMPANY LIMITED – OPEN OFFER”. The detailed procedure for tendering Equity Shares will be included in the FOA.

9.6 Procedure for tendering the Equity Shares held in physical form

- 9.6.1 As per the provisions of Regulation 40(1) of the SEBI (LODR) Regulations, as amended, and SEBI’s press release dated December 03, 2018, bearing reference no. PR 49/2018, requests for transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository with effect from April 01, 2019. However, in accordance with the circular issued by SEBI bearing reference number SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated July 31, 2020, shareholders holding securities in physical form are allowed to tender shares in an open offer. Such tendering shall be as per the provisions of the SEBI (SAST) Regulations. Accordingly, the procedure for tendering to be followed by the Public Shareholders holding Equity Shares in the physical form is as detailed below.
- 9.6.2 Public Shareholders who are holding Equity Shares in physical form and intend to participate in the Open Offer will be required to approach their respective Selling Broker along with the complete set of documents for verification procedures to be carried out, including the **(i) original share certificate(s), (ii) valid share transfer form(s), i.e., Form SH-4, duly filled and**

signed by the transferors (i.e., by all registered shareholders in same order and as per the specimen signatures registered with the Target Company) and duly witnessed at the appropriate place, (iii) self-attested copy of the shareholder's PAN card, (iv) FOA duly completed and signed in accordance with the instructions contained therein, by sole/joint Public Shareholders whose name(s) appears on the share certificate(s) in the same order in which they hold Equity Shares, and (v) any other relevant documents such as power of attorney, corporate authorization (including board resolution/specimen signature), notarized copy of death certificate and succession certificate or probated will, if the original shareholder has deceased, etc., as applicable.

- 9.6.3 In addition, if the address of the Public Shareholder has undergone a change from the address registered in the 'Register of Members' of the Target Company, the Public Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: (i) valid Aadhar card, (ii) voter identity card; or (iii) passport.
- 9.6.4 Based on these documents, the Selling Broker shall place the bid on behalf of the Public Shareholder holding Equity Shares in physical form who wishes to tender Equity Shares in the Open Offer, using the acquisition window of BSE. Upon placing the bid, the Selling Broker shall provide a TRS generated by the BSE bidding system to the Public Shareholder. The TRS will contain the details of the order submitted like folio number, share certificate number, distinctive number of Equity Shares tendered etc.
- 9.6.5 The Selling Broker/ Public Shareholder has to deliver the original share certificate(s) and documents (as mentioned above) along with the TRS either by registered post/speed post or courier or hand delivery to the Registrar to the Offer i.e. KFin Technologies Limited at Selenium Building, Tower- B, Plot No 31 & 32, Gachibowli, Financial District Nanakramguda, Serilingampally, Hyderabad Rangareddi – 500032 so that the same reaches the Registrar to the Offer in no event later than the Offer Closing Date, i.e. March 6, 2023 (by 5.00 p.m. (IST)). The envelope should be super scribed as "LOTUS CHOCOLATE COMPANY LIMITED – OPEN OFFER". **Physical share certificates and other relevant documents should not be sent to the Acquirer, PAC, Target Company or the Manager.**
- 9.6.6 The Public Shareholders holding Equity Shares in physical form should note that such Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the Equity Shares in physical form shall be subject to verification as per the SEBI (SAST) Regulations and any further directions issued in this regard. The Registrar will verify such bids based on the documents submitted on a daily basis. Once the Registrar confirms the bids, they will be treated as 'confirmed bids'.
- 9.6.7 All documents as mentioned above, shall be enclosed with the FOA, otherwise the Equity Shares tendered will be liable for rejection. The Equity Shares shall be liable for rejection on the following grounds amongst others: (i) If there is any other company's equity share certificate(s) enclosed with the FOA instead of the Equity Share certificate(s) of the Target Company; (ii) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Public Shareholders; (iii) If the Public Shareholders tender Equity Shares but the Registrar to the Offer does not receive the Equity Share certificate(s); (iv) In case the signature on the FOA and Form SH-4 does not match as per the specimen signature recorded with Target Company/Registrar of the Target Company.
- 9.6.8 In case any Public Shareholder has submitted Equity Shares in physical form for dematerialization, such Public Shareholders should ensure that the process of having the Equity Shares dematerialized is completed well in time so that they can participate in the Open Offer before the Offer Closing Date.

The Public Shareholders holding Equity Shares in physical mode will be required to fill the respective FOA. Detailed procedure for tendering Equity Shares has been included in the FOA.

9.7 Procedure for tendering the shares in case of non-receipt of LOF:

- 9.7.1 Persons who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date i.e., the date falling on the 10th (tenth) Working Day prior to the commencement of Tendering Period, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the LOF, may also participate in this Open Offer. Accidental omission to send the LOF to any person to whom the Offer is made or the non-receipt or delayed receipt of the LOF by any such person will not invalidate the Offer in any way.
- 9.7.2 A Public Shareholder may participate in the Open Offer by approaching its broker/Selling Broker and tender the Equity Shares in the Open Offer as per the procedure mentioned in the LOF.
- 9.7.3 The LOF along with the FOA will be sent (through electronic mode or physical mode) to all the Public Shareholders of the Target Company as on the Identified Date. A Public Shareholder receiving the LOF along with the FOA through electronic mode will be entitled to be furnished with a physical copy of the said documents upon receipt of requisition, if any, by e-mail at lcc.openoffer@kfintech.com or by a letter addressed to the Registrar to the Offer. In case of non-receipt of the LOF, such Public Shareholders of the Target Company may (i) download the same from the SEBI website (www.sebi.gov.in) and apply by using the same; or (ii) obtain a physical copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the Equity Shares of the Target Company. Public Shareholders can also download the soft copy from the Registrar's website (www.kfintec.com).
- 9.7.4 Alternatively, in case of non-receipt of the LOF, Public Shareholders holding the Equity Shares may participate in the Open Offer by providing their application in plain paper in writing signed by all shareholder(s), stating name, address, number of shares held, client ID number, DP name, DP ID number, number of shares being tendered and other relevant documents as mentioned in the LOF. Such Public Shareholders have to ensure that their order is entered in the electronic platform to be made available by BSE before the closure of the Tendering period. **Physical share certificates and other relevant documents should not be sent to the Acquirer, PAC, Target Company or the Manager.**

9.8 Acceptance of Shares

- 9.8.1 Registrar to the Offer shall provide details of order acceptance to the Clearing Corporation within the specified timelines.
- 9.8.2 In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirer and the PAC shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from a Public Shareholder shall not be less than the minimum marketable lot.
- 9.8.3 The marketable lot for the Equity Shares of the Target Company for the purpose of this Offer

shall be 1 (One).

9.8.4 In case of any practical issues, resulting out of rounding-off of Equity Shares or otherwise, the Acquirer and the PAC will have the authority to decide such final allocation with respect to such rounding-off or any excess of Equity Shares or any shortage of Equity Shares.

9.9 **Settlement Process**

9.9.1 On closure of the Tendering Period, reconciliation for acceptances shall be conducted by the Manager and the Registrar to the Offer and the final list of accepted Equity Shares tendered in this Offer shall be provided to BSE to facilitate settlement on the basis of the Equity Shares transferred to the Clearing Corporation.

9.9.2 The settlement of trades shall be carried out in the manner similar to settlement of trades the secondary market in accordance with the Acquisition Window Circulars. Selling Broker(s) should use the settlement number to be provided by the Clearing Corporation to transfer the Equity Shares in favour of the Clearing Corporation.

9.9.3 The Public Shareholders holding Equity Shares in dematerialized form will have to ensure that they update their bank account details with their correct account number used in core banking and IFSC codes, keep their depository participant account active and unblocked to successfully facilitate the tendering of the Equity Shares and for release of lien in case of rejection, non-acceptance or prorated acceptance.

9.9.4 For Equity Shares in dematerialised form accepted under the Offer, the Clearing Corporation will make direct funds payout to respective eligible Public Shareholders bank account linked to the demat account. If the relevant Public Shareholder's bank account details are not available or if the funds transfer instruction is rejected by RBI/relevant bank, due to any reason, then such funds will be transferred to the concerned Selling Broker settlement bank account for onward transfer to the respective Public Shareholder's account.

9.9.5 In case of certain client types viz. NRI, foreign clients etc. (where there are specific RBI and other regulatory requirements pertaining to funds pay-out) who do not opt to settle through custodians, the funds pay-out would be given to their respective Selling Broker's settlement accounts for releasing the same to their respective Shareholder's account onwards. For this purpose, the client type details would be collected from the Registrar to the Open Offer.

9.9.6 For Equity Shares in physical form, the funds pay-out would be given to Public Shareholder's respective Selling Broker's settlement bank accounts for onward transfer to the respective Public Shareholder's account. The Target Company is authorized to split the share certificate and issue a new consolidated share certificate for the unaccepted Equity Shares in case the Equity Shares accepted are less than the Equity Shares tendered in the Open Offer by the Public Shareholders holding Equity Shares in the physical form. Any excess physical Equity Shares, including to the extent tendered but not accepted, will be returned by registered post back to the Public Shareholder(s) directly by Registrar to the Offer. Unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post at the registered Public Shareholders'/unregistered owners' sole risk to the sole/first Public Shareholder/unregistered owner.

9.9.7 The direct credit of Equity Shares shall be given to the demat account of the Acquirer as indicated by the Buying Broker.

9.9.8 Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing

and settlement of trades by transferring the required number of Equity Shares to the demat account of the Acquirer. The lien marked against unaccepted Equity shares shall be released.

- 9.9.9 Any Equity Shares that are: (i) subject matter of litigation; or (ii) held in abeyance or prohibited/ restricted from being transferred pursuant to any pending court cases/ attachment orders/ restriction from other statutory authorities; are liable to be rejected unless directions/orders of an appropriate court/tribunal/statutory authority permitting the transfer of such Equity Shares are received together with the Equity Shares tendered under the Open Offer.
- 9.9.10 Buying Broker would also issue a contract note to the Acquirer and/or the PAC for the Equity Shares accepted under the Open Offer.
- 9.9.11 Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number to the Acquirer and/ or the PAC. The Buying Broker will transfer the funds pertaining to the Offer to the Clearing Corporation's bank account as per the prescribed schedule.
- 9.9.12 Public Shareholders who intend to participate in the Open Offer should consult their respective Selling Broker for any cost, applicable taxes, charges and expenses (including brokerage) that may be levied by the Selling Broker upon the selling shareholders for tendering Equity Shares in the Open Offer (secondary market transaction). The Open Offer consideration received by the Public Shareholders, in respect of accepted Equity Shares, could be net of such costs, applicable taxes, charges and expenses (including brokerage) and the Acquirer, the PAC and the Manager accept no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the Public Shareholders.
- 9.9.13 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the Public Shareholders who have accepted the Open Offer within such period, subject to the Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulations 18 (11) and 18(11A) of the SEBI (SAST) Regulations.

10. NOTE ON TAXATION

THE INFORMATION PROVIDED BELOW SETS OUT THE INCOME-TAX IMPLICATIONS ON TENDERING OF LISTED EQUITY SHARES ON THE RECOGNISED STOCK EXCHANGE UNDER AN OPEN OFFER IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES UNDER THE TAX LAWS PRESENTLY IN FORCE IN INDIA. THE SUMMARY IS BASED ON THE CURRENT PROVISIONS OF THE INDIAN INCOME TAX LAWS AND THE REGULATIONS THEREUNDER, THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT TAX IMPLICATIONS. THE FOLLOWING OVERVIEW IS NOT EXHAUSTIVE OR COMPREHENSIVE AND IS NOT INTENDED TO BE A SUBSTITUTE FOR PROFESSIONAL ADVICE.

IN VIEW OF THE PARTICULARISED NATURE OF TAX CONSEQUENCES, ELIGIBLE EQUITY SHAREHOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS AND CONSEQUENCES ON TENDERING OF LISTED EQUITY SHARES OF THE TARGET COMPANY, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION.

THE LAW STATED BELOW IS AS PER THE IT ACT AS AMENDED UPTO FINANCE ACT, 2022.

NEITHER THE ACQUIRER NOR THE PAC ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE. THEREFORE, SHAREHOLDERS CANNOT RELY ON THIS NOTE AND THE SUMMARY TAX IMPLICATIONS RELATING TO THE TREATMENT OF INCOME TAX IN THE CASE OF TENDERING OF LISTED EQUITY SHARES ON THE STOCK EXCHANGE SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.

10.1 General:

10.1.1 The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from April 01 until March 31 of the following year.

10.1.2 A person who is an Indian tax resident is liable to income-tax in India on his worldwide income, in a manner as provided under the Income Tax Act, 1961, as amended ("**IT Act**").

10.1.3 A person who is treated as a non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's India-sourced income (i.e., income which accrues or arises or deemed to accrue or arise in India) and income received by such persons in India (including income deemed to be received in India).

10.1.4 Since the Target Company is incorporated in India, the Equity Shares are "situated" in India and any gains arising to a non-resident on transfer of such shares is taxable in India under the IT Act.

10.1.5 Further, the non-resident shareholder can avail benefits of the Double Taxation Avoidance Agreement ("**DTAA**") between India and the respective country of which the said shareholder is a tax resident subject to satisfying the relevant conditions including but not limited to (a) conditions present in the said DTAA (if any) read with the relevant provisions of the Multilateral Convention to Implement Tax Treaty related Measures to Prevent Base Erosion and Profit Shifting ("**Multilateral Instrument/ MLI**") as ratified by India with the respective country of which the said shareholder is tax resident; (b) non-applicability of General Anti-Avoidance Rule ("**GAAR**") and (c) providing and maintaining necessary information and documents as prescribed under the IT Act.

10.1.6 The IT Act also provides for different income-tax regimes/ rates applicable to the gains arising from the tendering of shares under the Open Offer, and corresponding withholding tax obligation based on the period of holding, residential status, classification of the shareholder, nature of the income earned, etc.

10.1.7 The shareholders may be required to undertake compliances such as filing an annual income tax return, as may be applicable to different categories of persons, with the income tax authorities, reporting their income for the relevant year.

10.1.8 In addition to income tax, as the tendering of Equity Shares is being undertaken on the stock exchange, such transaction will be chargeable to Securities Transaction Tax ("**STT**"). STT is payable in India on the value of securities on every purchase or sale of securities that are listed on the Indian stock exchange. Currently, the STT rate applicable on the purchase and sale of shares on the stock exchange is 0.1% of the value of security transacted.

10.1.9 All references to equity shares herein refer to listed equity shares unless stated otherwise.

10.2 Classification of Shareholders

Shareholders can be classified under the following categories:

10.2.1 Resident Shareholders being:

- (i) Individuals, Hindu Undivided Family (“**HUF**”), Association of Persons (“**AOP**”) and Body of Individuals (“**BOI**”)
- (ii) Others
 - a) Company
 - b) Other than company

10.2.2 Non-Resident Shareholders being:

- (i) Non-Resident Indians (“**NRIs**”)
- (ii) Foreign Institution Investors (FIIs)/ Foreign Portfolio Investors (FPIs)
- (iii) Others:
 - a) Company
 - b) Other than company

10.3 Classification of Shares

The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. Shareholders are also required to refer to Circular No.6/2016 dated February 29, 2016 issued by the Central Board of Direct Taxes (“**CBDT**”). The nature of gains/loss in the foregoing cases will be as under:

10.3.1 Shares held as investment: Income arising from transfer of shares taxable under the head “Capital Gains”.

10.3.2 Shares held as stock-in-trade: Income arising from transfer taxable under the head “Profits and Gains from Business or Profession”.

10.4 Taxability of Capital Gains in the hands of the Shareholders:

10.4.1 Capital gains in the hands of shareholders would be computed as per the provisions of Section 48 of the IT Act and the rate of income-tax would depend on the period of holding.

10.4.2 **Period of Holding:** Depending on the period for which the shares are held, the gains would be taxable as ‘short term capital gain’ or ‘long-term capital gain’. Such classification would be determined as under:

- (i) Short-term Capital Asset (“**STCA**”): Equity shares held for less than or equal to 12 (Twelve) months.
- (ii) Long-term Capital Asset (“**LTCA**”): Equity share held for more than 12 (Twelve) months.

10.4.3 Accordingly, gains arising from transfer of a STCA are taxable as ‘Short-term Capital Gains’ (“**STCG**”). Gains arising from transfer of a LTCA are taxable as ‘Long-term Capital Gains’ (“**LTCG**”).

10.4.4 As per Section 112A of the IT Act, LTCG arising on sale of listed equity shares will be subject to

tax at the rate of 10% if Securities Transaction Tax (“STT”) has been paid on both, on purchase and sale of shares (except in certain cases notified by CBDT *vide* Notification No. 60/2018 dated October 01, 2018) and if the aggregate LTCG during the financial year exceeds INR 1 lakh. The said rate will be increased by applicable surcharge and cess. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under Section 112A of the IT Act.

- 10.4.5 As per Section 112A of the IT Act, LTCG will be computed without considering the indexation benefit as per provision of Section 48 of the IT Act. The cost of acquisition will be computed in accordance with the provisions of Section 55 read with Section 112A of the IT Act. In terms of Section 55 read with Section 112A of the IT Act, if investments were made on or before January 31, 2018, a method of determining the cost of acquisition of such investments has been specifically laid down such that gains up to January 31, 2018 are grandfathered. To clarify, if the equity shares on which STT is paid were acquired prior to January 31, 2018, the cost of acquisition of such shares should be higher of (a) actual cost of acquisition and (b) lower of (i) fair market value as on January 31, 2018 (highest quoted price on January 31, 2018 or immediately prior trading day if shares were not traded on January 31, 2018) and (ii) actual sale consideration.
- 10.4.6 If STT is not paid at the time of acquisition of the shares being acquired under the Open Offer and they do not fall within the exceptions identified under Notification No. 60/2018 dated October 01, 2018, then the entire LTCG arising to the shareholder shall be subject to tax @ 10% (plus applicable surcharge and cess) under Section 112 of the IT Act or 20% (plus applicable surcharge and cess) after claiming indexation benefit which is relevant in case of resident shareholders. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under Section 112 of the IT Act.
- 10.4.7 STCG realized on sale of listed equity shares (STT paid) will be subject to tax at the rate of 15% under Section 111A of the IT Act. The said rate will be increased by applicable surcharge and cess. Further, no deduction under Chapter VI-A would be allowed in computing STCG subject to tax under Section 111A of the IT Act.
- 10.4.8 In case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income tax is to be considered while computing the income-tax on such STCG taxable under section 111A of the IT Act and also LTCG under section 112 and 112A of the IT Act.
- 10.4.9 As per the seventh proviso to Section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.
- 10.4.10 Further the provisions of Minimum Alternate Tax on the book profits as contained in Section 115JB of the IT Act or Alternate Minimum Tax contained in Section 115JC of the IT Act, as the case may be, also need to be considered by the resident shareholders other than resident company which has opted for concessional tax regime under Section 115BAA or Section 115BAB of the IT Act.

The provisions of Section 115JB of the IT Act do not apply to a foreign company, if it is a resident of a country with which India has entered into a DTAA under Section 90/90A of the IT Act and the assessee does not have a Permanent Establishment in India or such company is a resident of a country with which India does not have such agreement and the assessee is not required to seek registration under any law for the time being in force, relating to companies.

- 10.4.11 As per Section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed

to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of Section 74 of the IT Act.

10.4.12 Long Term Capital Loss computed for a given year is allowed to be set off only against LTCG computed for the said year, in terms of Section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off only against subsequent years' LTCG, in terms of Section 74 of the IT Act.

10.4.13 Additional information in case of Foreign Institutional Investors ("FIIs"):

- (i) As per Section 2(14) of the IT Act, any securities held by a FII which has invested in the equity shares in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, will be treated as capital assets. Accordingly, any gains arising from transfer of such securities will be chargeable to tax in the hands of FIIs as capital gains.
- (ii) Under Section 115AD(1)(ii) of the IT Act, STCG arising to a FII on transfer of shares (STT paid) will be chargeable at the rate of 15%,
- (iii) Under Section 115AD(1)(iii) of the IT Act, income by way of LTCG arising from transfer of shares will be chargeable to tax at the rate of 10%. Provided that in case of income arising from the transfer of a LTCA referred to in Section 112A, income-tax at the rate of 10% will be calculated on such income exceeding INR 1 lakh.

Such capital gains would be computed without giving effect to the first and second proviso to Section 48. In other words, adjustment in respect of foreign exchange fluctuation and benefit of indexation would not be allowed while computing the Capital Gains.

- (iv) The above rates are to be increased by applicable surcharge and cess.
- (v) Further, no deduction under Chapter VI-A would be allowed in computing STCG and as well as LTCG.
- (vi) The CBDT has *vide* Notification No. 9/2014 dated January 22, 2014 notified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (FPI) Regulations, 2014 as FII for the purpose of Section 115AD of the IT Act.

10.4.14 Additional Information in case of Non-resident Indians ("NRIs"):

Where the shares of the Target Company were acquired or purchased in convertible foreign exchange, NRIs, i.e. individuals being citizen of India or person of Indian origin who are not resident, have the option of being governed by the provisions of Chapter XII-A of the IT Act, which *inter alia* entitles them to the following benefits:

- (i) Under Section 115E of the IT Act, the LTCG arising to an NRI will be taxable at the rate of 10 % (plus applicable surcharge and cess). While computing the LTCG, the benefit of indexation of cost would not be available.
- (ii) Under Section 115F of the IT Act, LTCG arising to an NRI from the transfer of the shares acquired or purchased in convertible foreign exchange shall be exempt from income-tax, if the net consideration is reinvested in specified assets, within 6 (Six) months of

the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within 3 (three) years from the date of their acquisition.

- (iii) Under Section 115G of the IT Act, it will not be necessary for an NRI to furnish his return of income under Section 139(1) of the IT Act if his income chargeable under the IT Act consists of only investment income or LTCG or both; arising out of assets acquired, purchased or subscribed to in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.
- (iv) Further, no deduction under Chapter VI-A would be allowed in computing LTCG.
- (v) As per provisions of Section 115-I of the IT Act, an NRI may elect not to be governed by provisions of Chapter XII-A and compute his total income as per other provisions of the IT Act.

10.4.15 Section 90(2) of the IT Act, provides relief to a non-resident, where there is a DTAA between India and the country of residence of the non-resident shareholder and the provisions of the DTAA are more favourable to the taxpayer, subject to satisfying relevant conditions including not limited to (a) conditions present in the said DTAA (if any) read with the relevant provisions of the MLI as ratified by India with the respective country of which the said shareholder is tax resident; (b) non-applicability of GAAR; and (c) providing and maintaining necessary information and documents as prescribed under the IT Act.

10.4.16 Investment Funds:

Under Section 10(23FBA) of the IT Act, any income of an Investment Fund, other than the income chargeable under the head "Profits and gains of business or profession" would be exempt from income-tax. For this purpose, an "Investment Fund" means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012.

10.4.17 Mutual Funds:

Under Section 10(23D) of the IT Act, any income of mutual funds registered under SEBI or Regulations made thereunder or mutual funds set up by public sector banks or public financial institutions or mutual funds authorised by the RBI and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

10.5 Taxability of Business Income in the hands of the Shareholders:

10.5.1 Where gains realized from sale of listed equity shares are taxable as business income, they will be taxable at applicable tax rates to such shareholders. The loss if any can be carried forward in accordance with the provisions of the IT Act.

10.5.2 No benefit of indexation by virtue of period of holding will be available in any case.

10.5.3 In terms of Section 36(1)(xv) of the IT Act, STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business

or profession”, if the income arising from taxable securities transaction is included in such income.

10.5.4 Section 90(2) of the IT Act, provides relief to a non-resident, where there is a DTAA between India and the country of residence of the non-resident shareholder and the provisions of the DTAA are more favourable to the taxpayer, subject to satisfying relevant conditions including but not limited to (a) conditions present in the said DTAA (if any) read with the relevant provisions of the MLI as ratified by India with the respective country of which the said shareholder is tax resident; (b) non-applicability of GAAR; and (c) maintaining necessary information and documents as prescribed under the IT Act.

10.6 Withholding Tax implications:

10.6.1 Remittance/Payment of Consideration

(i) Resident shareholders:

With effect from July 01 2021, Finance Act 2021 creates an obligation on the buyer of goods to withhold tax under Section 194Q at the rate of 0.1% when buying goods from an Indian resident. The withholding obligation only exists where the consideration for goods exceeds INR 50,00,000 and the buyer had a business turnover of more than INR 10,00,00,000 in the immediately preceding year. The term “goods” has not been defined and may cover shares.

As per Circular No. 13 of 2021 dated June 30, 2021 issued by the CBDT, the provisions of Section 194Q is not applicable where the transactions in securities and commodities are traded through recognized stock exchange. Therefore, the Acquirer is not required to withhold tax under Section 194Q on consideration payable to resident shareholders.

The resident shareholders must file their tax return in India *inter alia* considering gains arising pursuant to this Open Offer. The resident shareholders also undertake to provide the Acquirer, on demand, the relevant details in respect of the taxability/ non-taxability of the proceeds pursuant to this Open Offer, copy of tax return filed in India, evidence of the tax paid etc.

(ii) Non-resident shareholders – FIIs

Section 196D of IT Act, provides for a specific exemption from withholding tax at source from any income, by way of Capital Gains arising to an FII from the transfer of securities referred to in Section 115AD of the IT Act. Thus, no withholding of tax is required in case of consideration payable to FIIs/FPIs.

(iii) Non-resident shareholders (other than FIIs):

Each non-resident shareholder will confirm its status by selecting the appropriate box in the FOA.

Section 195(1) of the IT Act provides that any person responsible for paying to a non-resident, any sum chargeable to tax under the provisions of the IT Act is required to deduct tax at source at applicable rates in force.

However, the Acquirer will not be able to deduct income-tax at source on the consideration payable to such non-resident shareholders as there is no ability for the Acquirer to deduct taxes since the remittance/payment will be routed through the stock exchange, and there will be no direct payment by the Acquirer to the non-resident shareholders.

Since the tendering of shares under the Open Offer is through the stock exchange, the responsibility to discharge tax due on the gains (if any) is on the non-resident shareholder given that practically it is not possible to withhold taxes and the Acquirer believes that the responsibility of withholding/ discharge of the taxes due on such gains (if any) on sale of Equity Shares is solely on the custodians/ authorized dealers/ non-resident shareholders – with no recourse to the Acquirer. It is therefore recommended that the non-resident shareholders consult their custodians/ authorized dealers/ tax advisors appropriately. In the event the Acquirer is held liable for the tax liability of the shareholder, the same shall be to the account of the non-resident shareholder and to that extent the Acquirer should be indemnified.

The non-resident shareholders must file their tax return in India *inter alia* considering gains arising pursuant to this Open Offer. The non-resident shareholders also undertake to provide the Acquirer, on demand, the relevant details in respect of the taxability/ non-taxability of the proceeds pursuant to this Open Offer, copy of tax return filed in India, evidence of the tax paid etc.

10.6.2 Remittance/Payment of Interest

- (i) In case of interest, if any, paid by the Acquirer to resident and non-resident shareholder for delay in receipt of statutory approvals as per Regulation 18(11) of the SEBI (SAST) Regulations or in accordance with Regulation 18(11A) of the SEBI (SAST) Regulations, the final decision to deduct tax or the quantum of taxes to be deducted rests solely with the Acquirer depending on the settlement mechanism for such interest payments. In the event, to withhold tax, the same shall be basis the documents submitted along with the FOA or such additional documents as may be called for by the Acquirer. It is recommended that the shareholders consult their custodians/ authorized dealers/ tax advisors appropriately with respect to the taxability of such interest amount (including on the categorisation of the interest, whether as capital gains or as other income). In the event the Acquirer is held liable for the tax liability of the shareholder, the same shall be to the account of the shareholder and to that extent the Acquirer should be indemnified.
- (ii) The shareholders must file their tax return in India *inter alia* considering the interest (in addition to the gains on the sale of shares), if any, arising pursuant to this Open Offer. The shareholders also undertake to provide the Acquirer, on demand, the relevant details in respect of the taxability/ non-taxability of the proceeds pursuant to this Open Offer, copy of tax return filed in India, evidence of the tax paid etc.

10.7 Rate of Surcharge and Cess

In addition to the basic tax rate, applicable Surcharge, Health and Education Cess are currently leviable as under:

10.7.1 Surcharge

- (i) In case of domestic companies: Surcharge @ 12% is leviable where the total income exceeds INR 10 crore and @ 7% where the total income exceeds INR 1 crore but less than INR 10 crore for companies not opting for tax regime under section 115BAA and 115BAB of the Act.
- (ii) In case of domestic companies liable to pay tax under section 115BAA or section 115BAB: Surcharge @ 10% is leviable.
- (iii) In case of companies other than domestic companies: Surcharge @ 5% is leviable where the total income exceeds INR 10 crore and @ 2% where the total income exceeds INR 1 crore but less than INR 10 crore.
- (iv) In case of individuals, HUF, AOP, BOI:
 - a) Surcharge at the rate of 10% is leviable where the total income exceeds INR 50 lakh but does not exceed INR 1 crore.
 - b) Surcharge at the rate of 15% is leviable where the total income exceeds INR 1 crore but does not exceed INR 2 crore.
 - c) Surcharge at the rate of 25% is leviable where the total income exceeds INR 2 crore but does not exceed INR 5 crore.
 - d) Surcharge at the rate of 37% is leviable where the total income exceeds INR 5 crore.
However, for the purpose of income chargeable under section 111A, 112, 112A, 115AD(1)(b) (for income chargeable to tax under the head capital gains) and AOP (with all members as a company), the surcharge rate shall not exceed 15%.
- (v) In case of Firm and Local Authority: Surcharge @12% is leviable where the total income exceeds INR 1 crore.

10.7.2 Cess

Health and Education Cess @ 4% is currently leviable in all cases.

10.8 Others

10.8.1 Notwithstanding the details provided above, all payments will be made to the shareholders subject to compliance with prevailing tax laws.

10.8.2 The tax deducted by the Acquirer while making payment to a shareholder may not be the final tax liability of such shareholder and shall in no way discharge the obligation of the shareholder to appropriately disclose the amounts received by it, pursuant to this Open Offer, before the income-tax authorities.

10.8.3 The Acquirer will deduct tax (if required) as per the information provided and representation made by the shareholders. In the event of any income-tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the shareholder, such shareholder will be responsible to pay such income-tax demand under the IT Act and provide the Acquirer with all information/documents that may be necessary and co-operate in any proceedings before income tax/ appellate authority in India.

10.8.4 The Acquirer and the Manager to the Open Offer do not accept any responsibility for the

accuracy or otherwise of the tax provisions set forth herein above.

THE ABOVE DISCLOSURE ON TAXATION ARE BASED ON THE CURRENT PROVISIONS OF THE INCOME-TAX ACT, 1961. THE LEGISLATIONS, THEIR JUDICIAL INTERPRETATION AND THE POLICIES OF THE REGULATORY AUTHORITIES ARE SUBJECT TO CHANGE FROM TIME TO TIME, AND THESE MAY HAVE A BEARING ON THE IMPLICATIONS LISTED ABOVE. ACCORDINGLY, ANY CHANGE OR AMENDMENTS IN THE LAW OR RELEVANT REGULATIONS WOULD NECESSITATE A REVIEW OF THE ABOVE DISCLOSURES.

THE JUDICIAL AND ADMINISTRATIVE INTERPRETATIONS THEREOF, ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT INCOME-TAX IMPLICATIONS. THIS NOTE IS NEITHER BINDING ON ANY REGULATORS NOR CAN THERE BE ANY ASSURANCE THAT THEY WILL NOT TAKE A POSITION CONTRARY TO THE COMMENTS MENTIONED HEREIN.

THE IMPLICATIONS ARE ALSO DEPENDENT ON THE SHAREHOLDERS FULFILLING THE CONDITIONS PRESCRIBED UNDER THE PROVISIONS OF THE RELEVANT SECTIONS UNDER THE RELEVANT INCOME TAX LAWS. IN VIEW OF THE PARTICULARISED NATURE OF INCOME-TAX CONSEQUENCES, SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE TAX OFFICERS IN THEIR CASE AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE.

THE INFORMATION ON TAXATION MENTIONED HEREIN IS ON THE BASIS THAT THE OPEN OFFER SHALL BE COMPLETED THROUGH THE STOCK EXCHANGE SETTLEMENT MECHANISM MADE AVAILABLE BY THE STOCK EXCHANGE, AS PROVIDED UNDER THE SEBI (SAST) REGULATIONS AND SEBI CIRCULARS CIR/CFD/POLICYCELL/1/2015 DATED APRIL 13, 2015 AND CFD/DCR2/CIR/P/2016/131 DATED DECEMBER 09, 2016. THIS NOTE ON TAXATION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES OF THE DISPOSAL OF EQUITY SHARES. THE INCOME-TAX IMPLICATIONS RELATING TO THE TREATMENT OF INCOME-TAX IN THE CASE OF TENDERING OF LISTED EQUITY SHARES IN OPEN OFFER ON THE RECOGNISED STOCK EXCHANGE IN INDIA SET OUT ABOVE SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.

THE ACQUIRER AND THE PAC DO NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE. THEREFORE, ELIGIBLE EQUITY SHAREHOLDERS CANNOT RELY ON THIS ADVICE AND THE SUMMARY IS INTENDED ONLY TO PROVIDE GENERAL INFORMATION TO THE SHAREHOLDERS AND IS NEITHER DESIGNED NOR INTENDED TO BE SUBSTITUTED FOR PROFESSIONAL TAX ADVICE. IN VIEW OF THE INDIVIDUAL NATURE OF TAX CONSEQUENCES, EACH SHAREHOLDER IS ADVISED TO CONSULT HIS/HER OWN TAX ADVISOR WITH RESPECT TO THE TAX IMPLICATIONS AND CONSEQUENCES ON TENDERING OF LISTED EQUITY SHARES OF THE TARGET COMPANY.

11. DOCUMENTS FOR INSPECTION

The Acquirer has made arrangements for inspection of the following material documents by the Public Shareholders at the office of Reliance Retail Limited (a subsidiary of the PAC) at Meenakshi Tech Park, G+7 Floors, Block A, Sy No.38&39, Gachibowli, Hyderabad - 500 032, on any working day (except Saturdays and Sundays) between 10:30 am to 5:00 pm during the Tendering Period:

- 11.1 Copies of the memorandum and articles of association and certificate of incorporation of the Acquirer, the PAC and the Target Company;
- 11.2 Copy of the SPA dated December 29, 2022;
- 11.3 Copy of the SHA dated December 29, 2022;
- 11.4 Copies of the annual reports of the PAC for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 and the PAC's limited review report of the unaudited financial results for the half year ended September 30, 2022;
- 11.5 Copies of the annual reports of the Target Company for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 and the Target Company's limited review report of the unaudited financial results for the half year ended September 30, 2022;
- 11.6 Copy of the certificate dated December 29, 2022 issued by Chaturvedi & Shah, LLP, Chartered Accountants (FRN: 101720W/W100355) (Jignesh Mehta, Partner, membership no.: 102749) certifying the adequacy of financial resources of the Acquirer and the PAC to fulfil the Open Offer obligations;
- 11.7 Copy of Escrow Agreement dated December 30, 2022 entered into by and among the Acquirer, Escrow Agent and Manager to the Offer;
- 11.8 Copy of letter from the Escrow Agent, confirming the amount kept in the Escrow Account and a lien in favour of the Manager;
- 11.9 Copy of PA dated December 29, 2022, DPS published in the newspapers on January 5, 2023 and issue opening public announcement;
- 11.10 A copy of the recommendation published by the committee of independent directors of the Target Company published in the newspapers; and
- 11.11 Copy of SEBI observation letter dated [●], bearing reference no. [●].

12. DECLARATION BY THE ACQUIRER AND THE PAC

- 12.1 The Acquirer, the PAC and their directors in their capacity as directors accept the responsibility for the information contained in this DLOF (other than the information pertaining to the Target Company or the Current Promoter and Promoter Group, which has been obtained from publicly available sources or provided by the Target Company/ Current Promoter and Promoter Group) and also for the obligations of the Acquirer and the PAC laid down in the SEBI (SAST) Regulations in respect of the Open Offer.
- 12.2 The Acquirer and the PAC shall be jointly and severally responsible for ensuring compliance with the provisions of the SEBI (SAST) Regulations and for its obligations as laid down in the SEBI (SAST) Regulations.

EXECUTED by the Acquirer and the PAC acting through their duly authorised representatives

Reliance Consumer Products Limited

Reliance Retail Ventures Limited

Place: Mumbai

Date: January 12, 2023