LETTER OF OFFER

"This Document is important and requires your immediate attention"

This Letter of offer is sent to you as a shareholder(s) of Lotus Chocolate Company Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or CIL SECURITIES LIMITED (Managers & Registrars to the offer). In case you have recently sold your shares in the Company, please hand over this Letter Of Offer and the accompanying Form of Acceptance cum acknowledgement, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected."

CASH OFFER AT Rs. 16/- (RUPEES SIXTEEN ONLY) PER FULLY PAID-UP EQUITY SHARE OF Rs. 10 (RUPEES TEN ONLY) EACH

[Pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto]

TO ACQUIRE

Up to 25,68,210 fully Paid-up Equity Shares of face value Rs. 10/- each representing 20% of voting and paid up equity share capital at a price of Rs 16/- per share.

OF

Lotus Chocolate Company Limited (Target Company/LCC)

(Registered Off:8-3-966/13, Ground Floor, Nagarjuna Nagar, Srinagar Colony, Hyderabad-500 073, Ph No. 91-040-23735952/53 Fax No 091-40-23735954 E-mail: info@lotuschocoalte.com

BY

Shri Peraje Prakash Pai S/o.Sri.P.Achutha Pai , residing at_H No.8-2-269/A, Road No 2, Banjara Hills, Hyderabad- 500034, Ph No. 91-040-2354 2011

AND

Shri Peraje Anantha Pai S/o.Sri.P.Achutha Pai , residing at_H.No. 6-3-1102/307, Manjari Apartments, Rajbhavan Road, Somajiguda, Hyderabad- 500082, Ph No. 91-040-2340 2386

("Acquirers")

1. Mode of payment is in Cash
2. Partly Paid Shareholders are eligible to participate in the Offer, only if, they make the payment of total outstanding amount of Rs. 5/- per share along with the interest (@ 15%) accrued thereon from 17-02-1992. The amount shall be paid before the closure of the offer i.e., Saturday, 27th September, 2008. The total amount (including interest) to be paid per partly paid share is Rs. 17.50.
3. **This is not a Competitive Bid.**
4. As per the AP (DIR Series) Circular No. 16, dated 04/10/2004 (modified from time to time), grants general permission, subject to compliance with the specified conditions therein, for transfer of shares by a person resident outside India to a person resident in India. There are no other statutory approvals required to acquire shares that are tendered pursuant to this offer.
5. Besides this, as on this date to the best of the knowledge of the Acquirer, no other statutory approvals are required to acquire the Shares tendered pursuant to this Open Offer. However, the Open Offer would be subject to all statutory and such other approvals that may be applicable at a later date.
6. The Acquirers shall complete all procedures relating to the Offer within a period of 15 days from the closure of the Offer, in terms of Regulation 22(12) of the Regulations. In the case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to the Acquirers agreeing to pay interest for the delayed period to the shareholders as directed by SEBI. Further if the delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.
7. The Acquirer shall withdraw this offer if the statutory/other approval(s) required as above is refused as provided in regulation 27 of the SEBI (SAST) Regulation 1997
8. "Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public announcement / Letter of offer, can withdraw the same upto three working days prior to the date of the closure of the offer i.e Wednesday, 24th September, 2008"
9. Upward revision or withdrawal, if any, of the offer would be informed by way of Public Announcement in the same newspapers where the original Public Announcement has appeared. The last date for such revision will be Wednesday, 17th September, 2008 (regulation 26). The same price would be payable by the acquirer(s) for all the shares tendered anytime during the offer.
10. " **If there is competitive bid:**
    1. **The public offers under all the subsisting bids shall close on the same date.**
    2. **As the offer price can not be revised during 7 working days prior to the closing date of the offers / bids (i.e. Wednesday 17th September, 2008) , it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly"**
11. The Offer is not subject to any minimum lev0el of acceptance and is not a conditional offer.
12. A copy of public announcement, Revised Public Announcement and Letter Of Offer (including form of acceptance cum acknowledgment) is also available on SEBI's web-site (www.sebi.gov.in) from the Offer Opening Date, i.e., Monday, 8th September, 2008.

MANAGERS & REGISTRAR TO THE OFFER

CIL Securities Limited
#214, Raghava Ratna Towers, Chirag Ali LaneAbids, Hyderabad- 500 001
Phone No: 040 23202465/ 3155, Fax: 040 23203028, Email: advisors@cilsecurities.com
Contact Person: Mr. B.M. Maheshwari, President
Merchant Banker Registration No. INM 000009694*, RTA Registration No. INR000002276

OFFER OPENS ON: Monday, Monday, 8th September, 2008	**OFFER CLOSES ON: Saturday, 27th September, 2008**

*** Note: The Merchant Banking Registration Certificate of CIL Securities Limited is valid upto 30th June, 2008. The Managers to the offer have applied for renewal application in the month of March 2008 along with additional information as required by SEBI before March 31, 2008. The said application is under process by SEBI, accordingly the Merchant Banker is eligible to undertake the responsibility of Managers to the offer.**

SCHEDULE OF ACTIVITIES

Activity	Original Schedule	Revised Schedule
	Day and date	**Day and date**
Public Announcement (PA) Date	Monday, 7th July, 2008	Monday, 7th July, 2008
Last date for a competitive bid	Monday, 28th July, 2008	Monday, 28th July, 2008
Specified Date*	Saturday, 2nd August, 2008	Saturday, 2nd August, 2008
Date by which Letter of Offer will be dispatched to the shareholders	Friday, 22nd August, 2008	Thursday, 4th September, 2008
Date of opening of the Open Offer	Monday, 1st September, 2008	Monday, 8th September, 2008
Last date for revising the offer price/number of shares	Wednesday, 10th September, 2008	Wednesday, 17th September, 2008
Last date for withdrawing Acceptances from the Open Offer by shareholders	Thursday, 16th September, 2008	Wednesday, 24th September, 2008
Offer closing Date	Friday, 19th September, 2008	Saturday, 27th September, 2008
Last date of communicating rejection/acceptance and payment of consideration for accepted tenders.	Friday, 26th September, 2008	Saturday, 11th October, 2008

* Specified Date is only for the purpose of determining the names of shareholders as on such date to whom the letter of offer would be sent.

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Risk Factors relating to transaction, relating to the offer and involved in associating with the acquirer:

A) Risk relating to transaction

TheShare Purchase Agreement (Agreement) contains a clause that it is subject to provisions of SEBI (SAST) Regulations (Regulations) and in case of non-compliance with any of the provisions of the Regulations; the Agreement for such shall not be acted upon by the Sellers or the Acquirer.

B) Risk relating to the Offer

a. If the aggregate of the valid responses to the Offer exceeds offer size, then the Acquirer shall accept the valid application on a proportionate basis in accordance with Regulation 21(6) of the Regulations. In such an event all Equity shares tendered by the applicant may not be accepted.

b. In the event that either, (a) a regulatory approval is not received in a timely manner, (b) there is any litigation leading to stay on the Offer, or (c) SEBI instructs the Acquirer not to proceed with the Offer. Consequently, the payment of consideration to the public shareholders of Target Company whose shares have been accepted in the Offer as well as the return of shares not accepted by the Acquirers may be delayed. In case of the delay, due to non-receipt of the statutory approvals, as per Regulation 22(12) of the Regulations, SEBI may, if satisfied that the non-receipt of approval was not due to the wilful default or negligence or failure to diligently pursue on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by the SEBI. Further shareholders should note that after the last date of withdrawal i.e. Wednesday, 24th September, 2008, the shareholders who have lodged the shares would not be able to withdraw them even if the acceptances of the Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Managers and Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed. The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirers under the Offer. The Acquirers may not be able to proceed with the offer in the event the approvals are not received in terms of the Regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.

c. The Acquirers gives no assurance with respect to the Market Price of the shares during the Offer period and upon the completion of the Offer and the Acquirers shall not be responsible for any decision of the shareholder either to participate or not to participate in the offer.

C) Risk involved in associating with the Acquirers.

a. The Acquirers are proposing to continue the existing business of the Target Company.

b. The Acquirers give no assurance with respect to the future financial performance of the Target Company.

The risk factors set fourth above, pertain to the offer and not in relation to the present or future business or operations of Target Company or any other related matters, and are neither exhaustive or intended to constitute a complete analysis of the risk involved in participation or otherwise by shareholders in the offer. Shareholders of Target Company are advised to consult their stockbrokers or investment consultants, if any, for the further risk with respect to their participation in the offer.

Definitions

Acquirers	Mr. Peraje Prakash Pai and Mr. Peraje Anantha Pai
Target Company/ LCC / LCCL	Lotus Chocolate Company Limited
Managers & Registrars to the Offer/CIL/Managers to the Offer/Registrars to the Offer	CIL Securities Limited
Offer	Open cash offer to acquire 25,68,210 fully paid equity shares of Rs. 10/- each representing 20% of the total paid-up equity capital at Rs 16/- (Sixteen Rupees Only) per fully paid equity shares.
Share Purchase Agreement /SPA	Agreement dated 05th July 2008 entered into between Acquirers and the Promoters of LCC (as defined therein).
Public Announcement/PA	Public Announcement for the Open Offer released on behalf of the Acquirers on Monday, 7th July 2008
Regulations or Takeover Regulations or SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and takeovers) Regulation 1997 and subsequent amendments thereof
SEBI	Securities and Exchange Board of India
Share(s)/Equity share(s)	Equity shares of Rs. 10/- each of Lotus Chocolate Company Limited.
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited.
Persons eligible to participate in the Offer	All Equity shareholders holding fully paid Equity shares (except the parties to the share purchase agreement) are eligible to participate. Equity Shareholders holding partly paid Equity Shares are eligible to participate in the offer in case they pay up the arrears along with the required interest amount before the closure of the offer
PAC	Persons acting in concert
SAIL	Sunshine Allied Investment Limited, Singapore
NFIL	Network Foods International Limited
GOI (SIA)	Government of India (Secretariat for Industrial Assistance)
CPRS	Cumulative Preference Redeemable Shares

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF LOTUS CHOCOLATE COMPANY LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRERS DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, CIL SECURITIES LIMITED, HYDERABAD HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 19/07/2008 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 1997 AND SUBSEQUENT AMENDEMENT (S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER."

2. DETAILS OF THE OFFER

2.1 Background of the offer

2.1.1. Mr. Peraje Prakash Pai, S/o Shri P Peraje Achutha Pai, H.No 8-2-269/A, Road No. 2, Bnajara Hills, Hyderabad- 500034 and Mr. Peraje Anantha Pai, S/o Shri Peraje Achutha Pai, residing at_H.No. 6-3-1102/307, Manjari Apartments, Rajbhavan Road, Somajiguda, Hyderabad- 500082, is making an open offer to the shareholders of M/s Lotus Chocolate Company Limited, pursuant to Regulation 10 and 12 of SEBI (SAST) Regulations for the purpose of substantial acquisition of Shares with change in control/management of the Target Company. There are no Persons Acting in Concert ("PAC") with the Acquirers for the purpose of this offer.

2.1.2. The Acquirers have entered into a Share Purchase Agreement (SPA) with **Mr Devabhaktuni Durga Prasad and Mr Alapati Ramakrishna,** the Promoter Group of M/s Lotus Chocolate Company Limited (hereinafter referred to as "LCC"/ "Target Company") on 05th July 2008 to acquire from them 54,46,440 fully paid-up Equity Shares of Rs.10/- each representing 42.41% of the issued, subscribed & paid up capital ("the acquisition") for cash at a price of Rs.15/- (Rupees Fifteen only) per share ('the negotiated price') and 73,96,600 Cumalative Redeemable Preference Shares representing 100% of the Preference Share Capital of the Target Company at a price of Rs. 4/- per Preference Shares payable in cash.

2.1.3. The Acquirers have acquired in equal proportion 54,46,440 equity shares ("**Sale Shares**") of the Target Company representing 42.41% of the issued, subscribed & paid up capital ("the acquisition") of LCC which resulted into the triggering of SEBI (SAST) Regulations. The Sale Shares have been acquired from the following sellers on Bombay Stock Exchange Limited ("**BSE**") by way of a block deal on 7th July, 2008, details of which are as follows:

S.NO	Name of the seller promoter	Telephone No	Fax No.	No. of shares	Amount (Rs.) (@Rs 15 per share.)
1	Shri Devabhuktuni Durga Prasad, 307, Pancom Business Centre, Ameerpet "x" Roads, Hyderabad -500073	(040) 23750433	(040) 23740753	41,39,440	6,20,91,600
2	Shri Alapati Ramakrishna, H. No. 8-2-469/B3, Sneha Enclave, Road No.5, Banjara Hills, Hyderabad – 500034	(040) 23743109	(040) 23755289	13,07,000	1,96,05,000
			Total	**54,46,440**	**8,16,96,600**

2.1.4 Salient features of the Share Purchase Agreement:

1. The acquirers have agreed to comply with their obligations arising out of this agreement for which purpose they are making a public offer in terms of the Securities Exchange Board of India (Substantial Acquisition of Shares &Takeovers), Regulations, 1997 and subsequent amendments thereof (hereinafter referred to as the Regulations)
2. In case of non–compliance of any of the provisions of the Securities Exchange Board of India (Takeover) Regulations, this agreement shall not be acted upon by either Party.
3. Upon completion of the formalities under the Regulations all the Directors representing the promoters on the Board of the Target Company shall resign and relinquish their office unless otherwise permitted by the Acquirers and the Acquirers shall induct its Directors on the Board of Directors of the Target Company.

2.1.5 The Acquirers and Sellers or Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11-B of the SEBI Act.

2.1.6 In terms of the Share Purchase Agreement the Acquirers, viz, Sri Peraje Prakash Pai and Sri Peraje Anantha Pai will be inducted in the Board and the present directors of the Target Company will step down from the Board after the conclusion of the offer formalities.

2.1.7 The Acquirers vide their letter dated 07-07-2008 given an undertaking that they shall not be excercising voting rights with respect to 54,46,440 shares acquired under the Share Purchase Agreement, till completion of offer formalities

2.1.8 The Acquirers do not have any representatives on the board of LCCL as on the date of the PA as well as this Offer. However, the Acquirers propose to reconstitute the board of directors of LCCL upon completion of open offer formalities.

2.2. The Offer

2.2.1 The Public Announcement dated 7th July 2008 was made in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Languages	Publication	Editions
English	Business Standard	All Editions
Hindi	Daily Hindi Milap	All Editions
Telugu	Andhra Prabha	All Editions

The revised Public Announcement was issued in all editions of the above mentioned news papers.
(The Public Announcemen, Revised Public Announcementt is also available on the SEBI Website at www.sebi.gov.in)

2.2.2 Pursuant to the SPA, the Acquirers are making an open offer in accordance with Regulation 10, Regulation 12 and other applicable provisions of the Regulations, to the remaining shareholders (other than the parties to the Share Purchase Agreement) of Target Company to acquire upto 25,68,210 Equity Shares of Rs 10/- each representing 20% of voting Equity Share Capital of the Target Company at a price of Rs. 16/- (Rupees Sixteen only) per share for Fully Paid up Equity Shares (the “Offer Price”), payable in cash, in terms of Regulation 20 of the Regulations (the “Offer” or “Open Offer”). The Target Company has partly Paid-up Equity shares of 6000 Equity shares and Rs.30,000 is outstanding therein.

2.2.3 The Offer is made fully paid up shares and the partly paid up share will be acquired only if, they make the payment of total outstanding amount of Rs. 5/- per share along with the interest (@ 15%) accrued thereon from 17-02-1992. The amount shall be paid before the closure of the offer i.e., Saturday, 27th September, 2008. The total amount (including interest) to be paid per partly paid share is Rs. 17.50.

2.2.4 The Offer is not subject to any minimum level of acceptance and is not a conditional offer.

2.2.5 There is no non-compete agreement between Acquirers and Sellers and any other entity as envisaged under Regulation 20(8) of the Regulations. No additional payment by way of non-compete fees is being made by the Acquirers.

2.2.6 Acquirers will acquire all the shares that are validly tendered in terms of the Offer, upto maximum of Rs. 25,68,210 shares at the Offer Price.

2.2.7 After the date of PA, the Acquirers have not acquired any shares of the Target Company till the date of the Letter of Offer.

2.2.8 This is not a competitive bid.

2.3 Object of the acquisition/ offer

2.3.1 This Open Offer to the Shareholders of the Target Company is being made, pursuant to Regulation 10 and 12 of SEBI (SAST) Regulations for the purpose of substantial acquisition of Shares with change in control or management of the Target Company.

2.3.2 The Acquirers have no future plans for the Target Company except carrying on its existing business.

2.3.3 The Acquirers do not intend to dispose off or otherwise encumber any assets of Target Company in succeeding two years except in ordinary course of business of the Target Company.

2.3.4 The Acquirers undertake not to sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders.

2.3.5 Though the Acquirers are not having experience in the field of the business being carried on by the Target Company, but with their background and successful business track record, having rich and varied Techno Commercial experience, expertise in administration, business acumen, they shall be able to carry out existing activities of the Target Company which may enhance the value of the shareholders.

3 BACKGROUND OF THE ACQUIRER (INCLUDING PACs, IF ANY)

3.1 **Mr P.Prakash Pai resident of** H.No. 8-2-269/A, Road No. 2, Banjara Hills, Hyderabad-500034 is an Engineering Graduate. He is the Managing Partner of Puzzolana Machinery Fabricators (Hyderabad) for the past 26 years and possesses extensive experience and entrepreneurial leadership in the development of a machine-building enterprise. He has developed several import substitutions for the engineering and process industries. His global exposure and hands-on experience in design, manufacturing, erection and commissioning of rotating equipment & systems and innovative leadership is a major strength to puzzolana. The Networth of **Mr.P.Prakash Pai** as on 31.03.2008 is Rs. 51,56,00,000 (Rupees Fifty one Crores Fifty Six Lakhs Only) as certified (vide certificate dated 04.07.2008) by M/s Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattalmandi, Abids, Hyderabad- 500 001, Ph No. (040) 24655217(Membership No. 203437)

3.2 **Mr. P.Anantha Pai resident of** H.No. 6-3-1102/307, Manjari Apartments, Raj Bhavan Road, Somajiguda, Hyderabad-500 082 is a Chartered Accountant by qualification. He is Joint Managing Partner of M/s Puzzolana Machinery Fabricators (Hyderabad) and has 21 years of machine manufacturing experiences. He has developed special skills in costing, purchasing, optimization methods, finance and accounts. His co-ordination and monitoring skills and project execution experience help the Firm to meet its targets**..** The Networth of **Mr.P.Anantha Pai** as on 31.03.2008 is Rs. 50,22,33,000 (Rupees Fifty Crores Twenty Two Lakhs and Thirty Three Thousand Only) as certified (vide certificate dated 04.07.2008) by M/s Vasanth Pai & Co. Chartered Accountants, 5-4- 786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattalmandi, Abids, Hyderabad- 500 001, Ph No. (040) 24655217 (Membership No. 203437).

3.3 The Acquirers Mr. Peraje Parkash Pai and Mr. Peraje Anantha Pai are brothers.

3.4 Brief information on the Acquirers is given hereunder:

Name & Residential Address	**Relationship, if any with other Acquirer**	**Net-Worth as on 31/03/2008, as certified by Chartered Accountant**	**Companies in which is a Director.**
Mr. P.Prakash Pai S/o Shri.P.Achutha Pai, residing at H.No. 8-2-269/A, Road No. 2, Banjara Hills, Hyderabad-500034 Ph No. 91-040-2354 2011	Brother	5156.00 Lakhs	None
Mr. P.Ananta Pai S/o, Shri P.Achutha Pai, residing at H.No. 6-3-1102/307, Manjari Apartments, Raj Bhavan Road, Somajiguda, Hyderabad-500 082 Ph No. 91-040-2340 2386	Brother	5022.33 Lakhs	None

3.5 a) Mr. Peraje Prakash Pai acquired through BSE 3,42,480 equity shares and sold 2,94,607 equity shares of the Target Company during the 12 months preceding the date of this announcement. The highest price paid by him during the said period was Rs. 25.08 (inclusive of all charges) per share and the lowest price was Rs. 11.95 (inclusive of all charges)

Date of Acquisition / Sale	No. of Shares	Cumulative Shareholding	% change in Shareholding	Cumulative Shareholding (%)	Mode	Price / Share (Rs.) (inclusive of all charges)	SEBI (SAST) Disclosures
09-10-2007	10,000	10,000	0.08	0.08	Stock Exchange	Various prices with max of 16.50	NA
15-10-2007 to 25-10-2007	1,63,,500	1,73,500	1.27	1.35	Stock Exchange	Various prices with max of 19.26	NA
02-11-2007 to 22-11-2007	1,41,680	3,15,180	1.10	2.45	Stock Exchange	Various prices with max of 25.08	NA
26-11-2007 to 30-11-2007	(39,600)	2,75,580	(0.31)	2.15	Stock Exchange	Various prices with max of 27.07	NA
03-12-2007 to 20-12-2007	(1,93,530)	82,050	(1.51)	0.64	Stock Exchange	Various prices with max of 25.67	NA
04-01-2008 to 30-01-2008	(55,927)	26,123	(0.44)	0.20	Stock Exchange	Various prices with max of 27.57	NA
14-02-2008	(2000)	24,123	(0.02)	0.19	Stock Exchange	13.72	NA
20-06-2008	(1,500)	22,623	(0.01)	0.18	Stock Exchange	10.95	NA
24-06-2008 to 27-06-2008	26,300	48,923	0.20	0.38	Stock Exchange	Various prices with max of 15.95	NA

b) Mr. Peraje Anantha Pai acquired through BSE 3,94,392 equity shares and sold 3,40,609 equity shares of the Target Company during the 12 months preceding the date of this announcement. The highest price paid by him during the said period was Rs. 25.98 (inclusive of all charges) per share and the lowest price was Rs. 10.19 (inclusive of all charges).

Date of Acquisition / Sale	No. of Shares	Cumulative Shareholding	% change in Shareholding	Cumulative Shareholding (%)	Mode	Price / Share (Rs.) (inclusive of all charges)	SEBI (SAST) Disclosures
09-10-2007	10,000	10,000	0.08	0.08	Stock Exchange	Various prices with max of 16.95	NA
15-10-2007 to 25-10-2007	1,63,090	1,73,090	1.27	1.35	Stock Exchange	Various prices with max of 19.26	NA
02-11-2007 to 23-11-2007	1,49,639	3,22,729	1.17	2.51	Stock Exchange	Various prices with max of 25.98	NA
26-11-2007 to 30-11-2007	(42,649)	2,80,080	(0.33)	2.18	Stock Exchange	Various prices with max of 27.07	NA
03-12-2007 to 20-12-2007	(1,96,596)	83,484	(1.53)	0.65	Stock Exchange	Various prices with max of 25.67	NA

Date of Acquisition / Sale	No. of Shares	Cumulative Shareholding	% change in Shareholding	Cumulative Shareholding (%)	Mode	Price / Share (Rs.) (inclusive of all charges)	SEBI (SAST) Disclosures
04-01-2008 to 30-01-2008	(58,131)	25,353	(0.45)	0.20	Stock Exchange	Various prices with max of 27.62	NA
14-02-2008	(2000)	23,353	(0.02)	0.18	Stock Exchange	13.72	NA
18-06-2008	3000	26,353	0.02	0.21	Stock Exchange	11.35	NA
20-06-2008	17963	44,316	0.14	0.35	Stock Exchange	Various prices with max of 13.55	NA
20-06-2008	(41,233)	3,083	(0.32)	0.02	Stock Exchange	Various prices with max of 13.45	NA
23-06-2008 to 27-06-2008	50,700	53,783	0.39	0.42	Stock Exchange	Various prices with max of 15.95	NA

3.6 None of the Acquirers hold any position on the Boards of any Listed Companies.

3.7 Except the SPA dated 05-07-2008 entered between the Sellers and Acquirers, there is no formal agreement entered into between the acquirers with regard to the Offer/Acquisition of shares.

3.8 Puzzolana Machinery Fabricators (Hyderabad) is a 32-year old partnership firm, wherein presently Smt. Peraje Poornima Pai, W/o. Shri Peraje Prakash Pai, Shri Peraje Prakash Pai and Shri Peraje Anantha Pai are partners, is located at Hyderabad (India), established in the year 1976. The Firm is primarily engaged in the design, manufacture, installation and commissioning of Aggregate Crushing Plants. The Financial details of M/s Puzzolana Machinery Fabricators (Hyderabad), as taken from the financial statements as filed with Income Tax Department, are as under:

(Rs.in Lakhs)

Particulars	**31.03.2008 (Provisional)**	**31.03.2007**	**31.03.2006**	**31.03.2005**
Equity Capital (Partners Capital)	6238.42	4260.20	2481.27	1124.55
Reserves (excluding revaluation reserves)	0	0	0	0
Total Income	31592.88	25095.84	12412.14	7216.76
Profit After Tax	2161.91	1817.43	1022.05	507.05
Earnings Per share	N.A	N.A	N.A	N.A
Net Asset Value	N.A	N.A	N.A	N.A

Except Puzzolana Machinery Fabricators (Hyderabad), there are no other Companies/Firms promoted by the Acquirers.

4 Disclosure required under Regulation 16(ix)

4.1 The Acquirers undertake not to sell, dispose of or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders.

4.2 As on the date of Public Announcement, the Acquirers do not have any intention to dispose off or otherwise encumbrance of any assets of Target Company in succeeding two years except in ordinary course of business of the Target Company.

5. Option to the Acquirers in terms of Regulation 21(2):

As per Clause 40A of the Listing Agreement, the Company is required to maintain on continuous basis, public shareholding of at least 25% of total number of issued shares of a class or kind, for every such class or kind of its shares which are listed. On completion of the Offer formalities the public shareholding of the Target Company shall not fall below the limit specified for the purpose of listing on continuous basis in terms of Listing Agreement with the Stock Exchange, therefore the option available under Regulation 21(2) of the Takeover Regulation is not applicable.

6. Background of the Target Company:

6.1 Brief History and main area of operations:

a. LCC was incorporated as a Public Limited Company on 3rd October, 1988, at Hyderabad under the Companies Act, 1956.

b. The Registered Office of the Company as well as its Corporate Office is situated at 8-3-966/13, Ground Floor, Nagarjuna Nagar, Srinagar Colony, Hyderabad- 500073.Tel No. 040-23735951/52 , Fax No. 040-23735954.

c. LCC was originally promoted by Sri Vijayaraghavan Nambiar, an engineer with post graduation in industrial management and past experience in manufacturing cocoa products and chocolates, Smt. T. Sarada, a renowned actress of Indian Cinema and APIDC, an AP state owned corporation for promoting industries. In September, 1993 the company offered its controlling stake to the tune of 30.7 Lacs equity shares to Sunshine Allied Investments Limited (SAIL), Singapore. In May 1994 SAIL brought in an additional Rs. 206.13 Lacs for 17.17 Lacs equity shares at a premium of Rs. 2/- towards equity capital, thereby the holding became 51%. There upon LCC became subsidiary of SAIL. On 12-8-1995 the SAIL has changed its name from Sunshine Allied Investments Limited to Pengkalen Investments Limited. On 05-09-1997 Pengkalen Investments Limited changed its name to Network Foods International Limited. During October, 2003, Shri D.Durga Prasad and Shri A.Ramakrishna and their group took over the management of the Company by acquiring the entire shareholding held by NFIL (Initially 42% and later increased to 52%) along with 100% CRPS in accordance with the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and since then the new Indian Promoters represented by Shri D.Durga Prasad and A. Ramakrishna are managing the Company with new Board constituted thereafter.

d. The Authorized Capital of LCC as on date is Rs. 2200 Lacs comprising of Rs 1400 Lacs Equity Share Capital divided into 140 Lacs Equity Shares of Rs. 10/- each and of Rs 800 Lacs Preference Share Capital divided into 80 Lacs Preference Shares of Rs 10/- each. The Issued & Subscribed Capital is 1,28,41,049 Equity Shares of Rs. 10/- each aggregating to Rs. 1284.10 Lacs and 73,96,600 Cumulative Redeemable Preference Shares of Rs. 10/- each aggregating to Rs. 739.66 Lacs. The Paid up Capital of LCC as on 31st March, 2008 is Rs. 2023.46 Lacs since there are calls in arrears to the tune of Rs.0.30 Lacs on 6000 Equity Shares.

e. LCC has, as its main objects, business of manufacturing, buying, selling, import and export of all kinds of chocolate products, chocolate confectionary, derivatives of cocoa and beverages etc.

f. LCC is engaged in manufacture of Chocolates/ Cocoa Products.

g. No action has been taken by the Stock Exchanges or SEBI against the Acquirers, LCC.

6.2 Share Capital structure of the Target Company:

Paid up Equity shares of Target Company	**No. of Shares/voting rights**	**% of shares/voting rights**
Fully paid Equity shares	1,28,35,049/1,28,35,049	99.95% / 100%
Partly Paid up Equity shares	6000/NIL	0.05%/NIL
Total paid up Equity Shares	1,28,41,049/1,28,35,049	100% / 100%
Total voting rights in Target Company	1,28,41,049/1,28,35,049	100% / 100%

As per Article 87 of AOA of the company " No member shall be entitled to vote either personally or by proxy for another Member at any General Meeting or a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any class or other sums presently payable by him have been paid or in regard to which the Company has exercised, any right of lien."

6.3 Current Capital Structure of the Company has been built up since inception as per the details given below:

Date of allotment	Shares Issued		Cumalative paid up capital		Mode of Allotment	Identity of Allottees	Status of Complaince
	Number	%	No. of Shares	Capital (Rs.)			
Prior to IPO	18,00,000	14.02	18,00,000	1,80,00,000	Subscriber to MOA and Prefertial Allotment Directors, their friends and relatives	Subscriber to MOA, Indian Promoters,	COMPLIED
26-10-1991	28,00,000	21.81	46,00,000	4,60,00,000	PUBLIC ISSUE	PUBLIC	COMPLIED
04-09-93	30,70,000	23.90	76,70,000	7,67,00,000	PREFERENTIAL ALLOTMENT	EX-PROMOTERS	COMPLIED
01-11-94	17,17,756	13.38	93,87,756	9,38,77,560	PREFERENTIAL ALLOTMENT	EX-PROMOTERS	COMPLIED
23-02-95	34,53,293	26.89	1,28,41,049	12,84,10,490	RIGHTS ISSUE	EX-PROMOTERS / PUBLIC	COMPLIED

Source: *Prowess Software*

6.4 Presently the Equity shares of Target Company are listed on Bombay Stock Exchange Limited. The details of the Listing Fee paid/ payable by the target Company are as under.

Bombay Stock Exchange Limited –

For the year 2006-07, dated 18.04.2006 – Rs. 30000

For the year 2007-08 , dated 28.06.2007- Rs 30000

For the year 2008-09 – Not paid as on date

6.5 There are no outstanding convertible instruments warrants/Fully Convertible Debentures/Partly Convertible Debenture etc., which are convertible into equity at any later date.

6.6 The Seller, Promoters and other major shareholders have complied with the applicable provisions of Chapter-II of SEBI (SAST) Regulations. However the Company has defaulted in filing declarations under Regulations 6 & 8 of SEBI (SAST) Regulations. The Company has filed all pending declarations under Regulations 6 & 8 under the SEBI (Regularization Scheme) 2002. Suitable action may be taken by SEBI against the sellers, promoters and other major holders in the event of any non compliance with the provisions of Chapter II of the Regulations is determined in accordance with the law. For details see attached ***Annexure 1***)

6.7 LCC has been complying with the listing requirements of the Stock Exchanges without default except the following:

(i) The intimation for Book Closure for the year 2000 and 2001 was given for a period less than 30 days. The company received a Show cause notice from BSE in this respect. The Company has given necessary replies and no punitive action in this regard has been taken by BSE.

(ii) The Certificate for the half year ended 30-09-2004, under clause 47(C) of the Listing Agreement, was not submitted within due date. The company received a letter dated 19/11/2004 from BSE in this respect. The Company has submitted the said certificate on 02.12.2004 and no punitive action in this regard has been taken by BSE.

(iii) The Listing Fee for the year 2008-2009, of BSE, has not yet been paid. No punitive action in this regard has been taken by the BSE.

6.8 No merger/de-merger, spin off has taken place during the last three years.

6.9 As on the date of the Public Announcement (i.e., 07-07-2008), the composition of Board of Directors of the Target Company is as under:

Names	Designation	Date of Appointment	Qualification	Residential Address	Experience
Devabhuktuni Durga Prasad	Director	25th February 2004	Post Graduate in Commerce and Chartered Accountant	307, Pancom Business Centre,Ameerpet X Road, Hyderabd-500 073	Mr Devabhaktuni Durga Prasad joined as an Accounts Officer in ACC Ltd. In the year 1982, he joined with Fujairah Cement Industries, UAE as the Controller – Finance & Accounts and worked there for about 19 years. He was a member of The Hyderabad Stock Exchange Limited. He is also a partner in M/s Durga Prasad & Co., a Stock Broking Firm, who are trading members in The National Stock Exchange of India Limited. He is one of the Promoters of Lotus Chocolate Company Limited
D.Manohar	Director	22nd August 2005	Graduate & MBA	301, SDE Sai Residency, Srinagar Colony, Hyderabd- 500 073	Mr. D. Manohar is Graduate and MBA (Finance and Marketing) from Columbia University and has worked with many software Companies. He is currently working with Canadian Revenue Department, Canada
Paruchuri Shivaramakrishna	Director	29th October 2003	Bachelor of Law & Company Secretary	7-1-29/RH/10, United Avenue, Ameerpet, Hyderabad- 500 016	Mr Paruchuri Shivaramakrishna started his career with Andhra Pradesh State Police Housing Corporation and left the Company as General Manager in 1992. Presently, he is the General Manager of Harsha Automotives Private Limited.He is a member of the Audit Committee and the Remuneration Committee of the Company constituted under Clause 49 of the Listing Agreement.
Katuri Srinivas	Director	29th October 2003	P.G in Arts and Business Administration	T-2, Dwarakamai Mansion, Engineer's Colony, Yellareddyguda,Hyderabd,	500 073 Mr Katuri Srinivas was associated with VBC Ferro Alloys as an Assistant Marketing Manager and subsequently

					engaged in Stock Broking. Since 1995 he has been a partner in M/s Durga Prasad & Co., Stock Brokers, who are trading members in The National Stock Exchange of India Limited.He is one of the members of the Audit Committee and the Remuneration Committee of the Company constituted under Clause 49 of the Listing Agreement.
Alapati Ramakrishna	Director	25th February 2004	Graduate in Engineering	8-2-469/B3, Sneha Enclave, Road No. 5, Banjara Hills, Hyderabad – 500034	Mr Alapati Ramakrishna started his career as a plant engineer in Kesoram Industries Limited. He has worked in Japan, Dubai and Saudi Arabia for 14 years in the manufacturing field. Presently, he is the Managing Director of Neeharika Polymers Private Limited.He is one of the Promoters of Lotus Chocolate Company Limited
Ms T Sarada	Director	30th April 2004	Under Graduate	3, Saraswathi Street, Mahalingapuram Cheenai- 600 034	Ms T Sarada is the original promoter director of Lotus Chocolate Company Limited. She is a renowned film actress of Indian Cinema with over 260 films to her credit in many languages. She was awarded the coveted “President's Award” (the Urvasi award) for best actress thrice and has earned international recognition at major film festivals.She was elected as the Member of Parliament and currently; she is actively participating in politics.

6.10 Breif Audited Financial details of the Target Company is as follows:

Profit & Loss Account	**2007-08**	**2006-07**	**2005-06**
Income from operations	2383.48	2236.49	1967.74
Other income	31.14	14.25	10.09
Total Income	**2414.62**	**2250.74**	**1977.83**
Total Expenditure	**2206.78**	**2001.33**	**1751.46**
Profit/ (Loss) before depreciation Interest	207.84	249.41	226.37
Depreciation	113.44	106.66	100.93
Interest	17.29	30.15	42.23
Profit /(Loss) Before Tax	**77.11**	**112.6**	**83.21**
Provision for Tax	2.2	3.68	NIL
Profit/Loss After Tax	**74.91**	**108.92**	**83.21**

Balance Sheet Statement **Sources Of Funds**	**2007-08**	**2006-07**	**2005-06**
Paid up Share Capital	2023.46	2023.46	2023.46
Reserves & Surplus (excluding revaluation reserves)	394.68	394.68	394.68
Networth*	**102.32**	**27.07**	**(80.62)**
Secured Loans	470.14	477.54	416.12
Unsecured Loans	249.94	343.07	487.3
Total	**3138.22**	**3238.75**	**3321.56**
Uses of Funds			
Net Fixed Assets	394.88	425.06	470.52
Investments	NIL	NIL	NIL
Net Current Assets	427.52	422.62	352.28
Total Miscellaneous Expenditure not written off	2315.82	2391.07	2498.76
Total	**3138.22**	**3238.75**	**3321.56**

* Networth = Equity Capital + Preference Capital + Free Reserves(excluding Revaluation Reserves)- Miscellaneous Expenditure not written off (including Profit & Loss A/c Debit Balance)

Other Financial Data	2007-08	2006-07	2005-06
Dividend(%)	NIL	NIL	NIL
Earnings Per Share(Rs.)	0.58	0.85	0.65
Return on Networth (%)	75.37	415.96	N.A $ (Negative Networth)
Book value per share (Rs)	0.80	0.21	N.A $ Negative Networth)

$ Since the net worth is in negative therefore, Return on Networth and Book Value Equity Shares is not computable

The above information is based on the Annual Audited Accounts for the year ended 31st March 2008, 31st March 2007, 31st March 2006 certified by the management of LCC and auditors of LCC, M/s S.R Mohan & Co.

Notes:

Reasons for the fall/raise in the total income and Net Income:

FY ended 31-03-2008

In value terms, the LCCL's net sales rose by 13.23% from Rs. 2250.74 Lakhs to Rs. 2414.62 Lakhs. The increased sales were due to a 35.78% increase in sales volume from 201.74 MT to 273.94 MT of different products being manufactured by the company and due to an increase in price realisation.

Net Profit is reduced by 32% from 112.58 Lakhs to 77.12 Lakhs. The decrease in profit is due to 2.23% increase in Material Consumed (increased to Rs. 1465.42 Lakhs from Rs. 1433.44 Lakhs), 100% increase in Traded Goods by Rs. 104.82 Lakhs (previous year NIL), increase in Selling expenses by 7.75% (increased to Rs. 662.77 Lakhs from Rs. 615.08 Lakhs), increase in Depreciation by 6.35% (from Rs. 106.66 Lakhs to Rs. 113.44 Lakhs)

FY ended 31-03-2007

In value terms, the LCCL's net sales rose by 14.81% from Rs. 1698.32 Lakhs to Rs. 1949.85 Lakhs. The increased sales were due to to an increase in price realisation in spite of a 9.90% decrease in sales volume from 273.93 MT to 246.78 MT of different products being manufactured by the company.

Net Profit is increased by 30.89% from 83.20 Lakhs to 108.91 Lakhs. The increase in profit is driven by increased sales and higher efficiency, which were partly offset by higher Raw Material Costs and increased selling and financial expenses, provision for Fringe Benefit Tax.

6.11 Pre and Post-offer share holding pattern of the target Company as per the following table.

Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and offer.		Shares /voting rights agreed to be acquired which triggered off the Regulations.		Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Share holding / voting rights after the acquisition and offer. i.e.	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No.	%	No.	%	No	%	No.	%
1. Promoter Group								
a. Parties to agreement, if any	54,74,042	42.63	(54,46,440)	(42.4%)	-	-	27,602	0.21
b. Promoters other than (a) above	-	-	-	-	-	-	-	-
Total 1(a+b)	**54,74,042**	**42.63%**	**(54,46,440)**	**(42.4%)**	**-**	**-**	**27,602**	**0.21%**
2. Acquirers Main Acquirers								
Mr.P.Prakash Pai	48,923	0.38	27,23,220	21.20	12,84,105	10	40,56,248	31.58
Mr.P.Anantha Pai	53,783	0.42	27,23,220	21.20	12,84,105	10	40,61,108	31.63
Total 2 (a+b)	**102,706**	**0.80%**	**54,46,440**	**42.4%**	**25,68,210**	**20%**	**81,17,356**	**63.21%**
3. Parties to Agreement other than	(1)(a) & (2)	-	-	-	-	-	-	-
4. Public(other than parties to Agreement, Acquirers & PACs)	72,64,301	56.57	-	-	-	-	46,96,091	36.58
A FIs/MFs/FIIs/Banks, SFIs (indicate names)								
(i) Canara Bank (Trustees: Can bank Mutual Fund)	2,600	0.02	-	-	-	-	-	-
(ii) State Bank of India, Personal Banking Branch , Mumbai	100	0.00	-	-	-	-	-	-

(iii) Andhra Pradesh Industrial Development Corp. Ltd	1,700	0.02	-	-	-	-	-	-
B. Others (indicate the total number of share holders in "Public Category)	72,59,901	56.53	-	-	-	-	-	-
Total (4)(a+b)	**72,64,301**	**56.57%**	**-**	**-**	**-**	**-**	46,96,091	36.58
GRAND TOTAL (1+2+3+4)	**1,28,41,049**	**100%**	**54,46,440**	**42.40%**	**25,68,210**	**20%**	**1,28,41,049**	**100%**

The number of Shareholders in the 'Public Category' as on Record Date (i.e. 02-08-2008) is 14804

6.12 Details of the change in the shareholding of the promoters as and when it happened in the LCC

Year	Shares Acquired/Sold	Total Holding of Promoters	% Holding to paid up capital	Comments
March 31,1997	—-	67,02,858	52.20	
March 31,1998	NIL	67,02,858	52.20	
March 31,1999	NIL	67,02,858	52.20	
March 31,2000	NIL	67,02,858	52.20	
March 31,2001	NIL	67,02,858	52.20	
March 31,2002	NIL	67,02,858	52.20	
March 31,2003	NIL	67,02,858	52.20	
23-12-2003	(54,18,838)	12,84,020 (10%)	—	On 23/12/2003 the existing promoters sold the shares to new promoters viz., Shri Devabhaktuni Durga Prasad and Shri Alapati Ramakrishna. 7(1) disclosures are given by them on 25.12.2003
	54,18,838	54,18,838 (42.20%)	—	
14-02-2004	(553000)	61,49,858	—	Inters Se Promoter Transfer of Shares (Sold by Shri Alapati Ramakrishna. and Purchased by Shri Devabhaktuni Durga Prasad)7(1A) disclosures are not given by them
	553000	67,02,858	—	
23-02-2004	15301	67,18,159	52.32	The Shares purchased from public in the open offer are transferred to the promoters' account
15-03-2004	100	67,18,259	52.32	Purchased by Shri Devabhaktuni Durga Prasad through open market
15-03-2004	(6,00,000)	61,18,259	47.65	Sold by Shri Alapati Ramakrishna through open market7(1A) disclosures are not given him
13-04-2004	1150	61,19,409	47.66	Purchased by Shri Devabhaktuni Durga Prasad through open market
13-04-2004	(900)	61,18,509	47.65	Sold by Shri Devabhaktuni Durga Prasad through open market
15-04-2004	(201000)	59,17,509	—	Inters Se Promoter Transfer of Shares (Sold by Shri Alapati Ramakrishna. and Purchased by Shri Devabhaktuni Durga Prasad)
	201000	61,18,509	—	
15-04-2004	(900)	61,17,709	47.64	Sold by Shri Devabhaktuni Durga Prasad through open market
30-06-2004	200	61,17,909	47.64	Purchased by Shri Devabhaktuni Durga Prasad through open market
15-07-2004	900	61,18,809	47.65	The Shares purchased from public in the open offer are transferred to the promoters' account
31-08-2004 to 30-09-2004	800	61,19,609	47.66	Purchased by Shri Devabhaktuni Durga Prasad through open market
06-11-2004	(12,84,020)	48,35,589	—	Mr. D. Durga Prasad purchased the 1284020 shares from NFIL, then existing promoter after obtaining SEBI exemption order dated 12/10/2004.

				He has given the relevant disclosures on 06.11.2004
	12,84,020	61,19,609	—	
30-11-2004 to 08-12-2004	(9050)	61,10,559	47.59	Sold by Shri Devabhaktuni Durga Prasad through open market
15-01-2005	400000	65,10,559	50.70	Shri Devabhaktuni Durga Prasad purchased the shares through off market deal. He has given relevant disclosures on 22.02.2005
24-02-2005 to 08-06-2005	(18000)	64,92,559	50.56	Sold by Shri Devabhaktuni Durga Prasad through open market
01-08-2005	50000	65,42,559	50.95	Purchased by Shri Devabhaktuni Durga Prasad through open market
17-08-2005 to 16-09-2005	(35,000)	65,07,559	50.68	Sold by Shri Devabhaktuni Durga Prasad through open market
19-01-2007	(2,80,500)	62,27,059	48.49	Sold by Shri Devabhaktuni Durga Prasad through open market. He has given the relevant disclosures on 23.01.2007
23-01-2007 to 21-02-2007	(1,92,809)	60,34,250	46.99	Sold by Shri Devabhaktuni Durga Prasad through open market
17-09-2007 to 05-10-2007	(2,67,797)	57,66,453	44.91	Sold by Shri Devabhaktuni Durga Prasad through open market. He has given the relevant disclosures on 07.10.2007
06-10-2007 to 08-02-2008	(3,12,411)	54,54,042	42.47	265970 Shares Sold by Shri Devabhaktuni Durga Prasad through open market. He has given the relevant disclosures on 08.07.2008 46441 Shares Sold by Shri Alapati Ramakrishna through open market
04-07-2008	(20,000)	54,74,042	42.63	Sold by Shri Devabhaktuni Durga Prasad through open market
07-07-2008	(54,46,440)	27,602	0.21	Sold through Block deal. The sellers have given relevant disclosures u/r 7(1A) on 08.07.2008
21-08-2008	(1,560)	26,042	0.20	Sold by Shri Devabhaktuni Durga Prasad through open market

6.13 The details regarding the corporate governance norms for LCC are as follows:

Particulars	Listing Agreement Clause
Board of Directors	49 I
Audit Committee	49 II
Shareholders / Investors Grievance Committee	49 IV (G)
Remuneration of Directors	49 IV(E)
Board Disclosures	49 IV (C)
Management	49 IV (F)
Shareholders	49 IV (G)
Report on Corporate Governance	49 VI
Compliance	49 VII

All of the above clauses have been complied with and hence no remarks.

6.14 Contingent Liabilities not provided as on 31-03-2008

a) The Claims made by the Customs Department Against LCC not acknowledged as debts comprises on two accounts -

1) Claim from Commission of Custom, Chennai in respect of Advance Licences not ful filled within the stipulated time though extension and clubbing of such licences have been allowed by the Licencing Authority : Rs 180 Lakhs;

2) Claims from Directorate of Revenue Intelligence, Chennai in respect of alleged non-fulfilment of export obligation:Rs 319 Lakhs.

LCC has contested the said claims in Chennai High Court and verdicts are yet to be delivered by the honourable High Court. In the mean time, LCC obtained an opinion from leading solicitors and advocates and according to the legal opinion, the chances of getting favourable judgement from High Court are more in favour of the Company and consequently, LLC did not anticipate any liability to be crystallized on these counts. If the judgements are delivered in favour of the customs Department, the liability to be crystallized would amount to Rs 499 Lakhs apart from interest being accrued from the date of demand till the date of payment.

b) Apart from the aforesaid claims, there is another contingent liability in respect of accrued and unpaid dividend on Preference shares which amounts to Rs. 713.15 Lakhs from the year 1998 to 2008

c) Counter Guarantees given to the Bankers in respect of guarantees furnished by them Rs. 0.69 Lakhs (previous year Rs. 0.69 Lakhs)

d) The Company is negotiating with Networks Food International Limited, (NFIL) former holding company, for waiver of interest and principle. The interest amounting in all to Rs. 39,37,206 (previous year Rs. 24,64,232) on foreign currency loan advanced to the company (Rs. 3,25,77,292) in earlier years. The Company is hopeful of a favourable response from NFIL, hence interest of Rs. 14,72,974 (previous year Rs 11,03,799) and loss on exchange fluctuation for the year amounting to Rs. 14,69,105 and for previous year amounting to Rs. 14,94,230 is not provided in the accounts.

e) A sum of Rs. 1,39,04,961 (previous year Rs. 84,11,802) is over due for repayment under Sales Tax Deferment scheme. As the company is sick Company and the reference is made to BIFR, it is proposed to request for the waiver of interest amounting to Rs. 57,79,920 as on 31.03.2008 and Rs. 32,77,027 as on 31.03.2007 and the same is not provided in the accounts.

6.15 Name and other details of Compliance Officer:

G S RAM
Manager
LOTUS CHOCOLATE COMPANY LIMITED
#8-3-966/13, Ground Floor, Nagarjuna Nagar,
Srinagar Colony, Hyderabad-500 073
lotus@hd1.vsnl.net.in
TEL.NO. 040-23735952/23735953
FAX NO: 040-23735954

6.16 Whether Company had become a Sick Industrial Company any time since its inception, if so, details thereof.

The Target Company's Board of Directors has made a reference to Board for Industrial and Financial Reconstruction (BIFR) on 19/04/2004 which has been registered as Case No. 200/2004. As per the audited and adopted accounts of the company for the year ended 31st December 2003 the Target Company has become a Sick Industrial Company within the meaning of Section 3 (1) (o) of Sick Industrial Companies (Special Provisions) Act 1985.

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer price

a. The Equity Shares of LCC are listed at BSE. The Equity shares are not admitted as permitted security in any other Stock Exchanges.

b. The Annualized trading turnover of Equity shares of LCC, during the preceding 6 calendar months prior to the month in which Public Announcement was made . i.e during January 2008 to June 2008 (both inclusive) is as under:

Name of the Stock Exchange(s)	Total number of shares traded during the 6 calender months prior to the month in which PA is made	Total number of listed shares	Annualized Trading turnover (as a % to listed shares)
BSE	29,02,557	12841049	45.21

The trading volume data of BSE has been taken from the Stock Exchange's official website www.bseindia.com

c. Since the Equity Shares of LCC are frequently traded on BSE within the meaning of explanation (i) to Regulation 20(5) of the Regulations at the BSE during the 6 calendar months preceding the month in which the Public Announcement is made, the Offer price has been justified, taking into account, the following parameters, as set out under Regulations 20(5)

a)	The negotiated price under the agreement under Reg 14(1)	Rs. 15/- per share
b)	The Highest price paid by the Acquirers or persons acting in concert with them for a them for any acquisitions, including by way of allotment in a public/rightsts/preet /preferential issue, if any, during the 26 weeks period, prior to the date of Public Public Announcement	Rs. 15.95/- per share
c)	The average of the weekly high and low of the closing prices of the shares of Target Company on BSE, where it is most frequently traded during 26 weeks preceding the date of Public Announcement.	12.43
d)	The average of daily high and low prices of the shares of the Target Company on BSE, where it is most frequently traded , during the 2 weeks preceding the the dat the date of Public Announcement.	12.99

d. 26 weeks weekly high/low data on BSE (traded Stock Exchange)

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	Jan 22.2008	20.88	18.10	19.49	171500
2	Jan.29.2008	17.35	15.28	16.32	139739
3	Feb 04.2008	14.90	13.87	14.39	93805
4	Feb.11.2008	16.35	14.40	15.38	95048
5	Feb.18.2008	14.14	13.16	13.65	63992
6	Feb.25.2008	14.65	13.81	14.23	46163
7	Mar.02.2008	13.75	13.24	13.50	14197
8	Mar.09.2008	12.90	11.50	12.20	24043
9	Mar.16.2008	12.80	10.32	11.56	160014
10	Mar.23.2008	11.27	10.48	10.88	54612
11	Mar.29.2008	9.28	8.49	8.89	90741
12	Apr.02.2008	10.26	10.06	10.16	30163
13	Apr.09.2008	10.97	10.18	10.58	32773
14	Apr.16.2008	11.70	10.46	11.08	34276
15	Apr.22.2008	12.79	11.36	12.08	15399
16	Apr.29.2008	12.70	12.07	12.39	26036
17	May.05.2008	12.05	11.65	11.85	14941
18	May.12.2008	12.26	11.80	12.03	50050
19	May.19.2008	12.18	11.57	11.88	19310
20	May.26.2008	12.48	11.80	12.14	27313
21	Jun.02.2008	11.78	10.90	11.34	24342
22	Jun.09.2008	10.28	9.04	9.66	32958
23	Jun.16.2008	10.30	8.99	9.65	20283
24	Jun.22.2008	12.18	11.16	11.67	162380
25	Jun.29.2008	14.10	10.88	12.49	183661
26	Jul.06.2008	14.43	12.97	13.70	178413
			26Week Average	12.43	

Source: BSE website www.bseindia.com

e. 2 weeks daily high/low data on BSE (traded Stock Exchange)

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	Jun.23.2008	11.45	10.00	11.03	14750
2	Jun.24.2008	12.73	9.76	10.88	40009
3	Jun.25.2008	13.40	10.73	11.86	28340
4	Jun.26.2008	13.83	11.51	12.49	25473
5	Jun.27.2008	15.90	12.20	14.10	75089
6	Jun.30.2008	16.70	13.05	14.43	55703
7	Jul.01.2008	14.00	12.80	12.97	36943
8	Jul.02.2008	14.00	12.40	13.03	25571
9	Jul.03.2008	14.00	12.85	13.16	9772
10	Jul.04.2008	15.70	13.00	14.04	50424
			Average	12.99	

Source: BSE website www.bseindia.com

f. The Offer Price of Rs 16/- is justified in terms of Regulations 20(4) of the Regulations. LCC has 6000 shares with calls in arrears of Rs 5/- each aggregating to Rs 30000/-. The Offer is for fully paid up shares and the Partly Paid up shares will be acquired only if, they make the payment of total outstanding amount of Rs. 5/- per share along with the interest (@ 15%) accrued thereon from 17-02-1992. The amount shall be paid before the closure of the offer i.e., Saturday, 27th September, 2008. The total amount (including interest) to be paid per partly paid share is Rs. 17.50.is paid on or before the closure of the offer i.e., Saturday, 27th September, 2008-

g. There is no non-compete fees agreement between the Acquirers and the Target Company and any other entity as envisaged under Regulation 20(8) of the Regulations. No additional payment by way of non-compete fees is being made by the Acquirers.

h. If the Acquirers acquire Equity shares of the Target Company after the date of Public Announcement upto seven working days prior to the closure of offer at a price higher that the Offer Price then the Highest Price paid for such acquisition shall be payable for all valid acceptances received under the Open Offer. Any such upward revision will be notified through an announcement in all dailies where the original Public Announcement was made.

i. The last date for any upward revision is Wednesday, 17th September, 2008.

j. CIL (Managers and Registrars to the Offer) hold 1050 equity shares of the Target Company as a custodian on behalf of Mr. Devabhaktuni Durga Prasad and Mr Alapati Ramakrishna. These shares are lying in Demat Escrow A/c being opened at the time of previous open offer being given during 2003. CIL declare and undertake that they shall not deal in the Equity Shares of LCCL during the period commencing from the date of appointment as Manager and Registrar to the offer till the expiry of fifteen days from the date of closure of the Offer. CIL (Managers and Registrars to the Offer) declare that they have not dealt with in the shares of LCCL in their own account since the date of their appointment as Manager and Registrar to the offer till the date of this Letter of Offer. However as they being Registered Stock Broker, on behalf of their clients purchased 5050 Equity Shares on 10-07-2008 through Stock Exchange.

k. There is not a Competitive Bid.

7.2 Financial Arrangements:

a. Assuming full acceptance, the total funds requirements for the Acquisition of 25,68,210 Equity shares of the target Company at a price of Rs 16/- per share would amount to Rs 4,10,91,360/- (Rupees Four Crore Ten Lakhs Ninety One Thousand Three Hundred and Sixty Only). There is no differential pricing

b. In accordance with Regulation 28 of the Regulations, the Acquirers have created an Escrow Account with HDFC Bank, 6-1-73 Ground and 3rd floor Saeed Plaza, Hyderabad , in the form of cash deposit of Rs 1,05,00,000/- (Rupees One Crores five Lakhs Only)being more than 25% of the total consideration payable and a lien has been marked on the said account in favour of CIL Securities Limited, Manager to the Offer. Out of the above amount, the Acquirers created cash deposit of Rs. 1,00,89,086 in the form of 2 Fixed Deposits with the said Bank. One deposit account is created for an initial term of 62 days, which will be renewed on its maturity i.e. on September 19, 2008. Another deposit account is created for an initial term of 70 days, which will be renewed on its maturity i.e. on September 24, 2008. The Manager to the Offer confirms that the funds lying in the above mentioned term deposit accounts will be utilized exclusively for the purpose of the Offer.

c. The Acquirers have authorised CIL Securities Limited, Managers to the Offer to realize the value of the Escrow Account in terms of the Regulations.

d. The Acquirers shall arrange to pay the consideration on or before **Saturday, 11th October, 2008**. Payment will be made to the person named by the acceptors in the relevant box in the Acceptance Form by "Account Payee" crossed Cheque/ Pay Orders/ Demand Drafts as indicated in the Form of Acceptance. If no such details are filled by the acceptor(s), then the same will be sent by registered post/certificate of posting to the Sole/ First holder at their registered address at the Equity Shareholders own risk

e. CIL Securities Limited, Managers to the Offer, states that they have satisfied themselves that the Acquirers have adequate financial resources to fulfil the obligations under the Open Offer. The acquirers have liquid resources to the tune of Rs. 1919 Lakhs in the form of Balances in various Bank accounts and Fixed Deposit Receipts. The same is certified by Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattal Mandi, Abids, Hyderabad-500 001, No. 91 (40) 24655217 .(Membership No. 203437), vide their certificate dated 30.08.2008. The consideration shall be paid by the Acquirers from these sources. No borrowings from Banks/Financial Institutions are being envisaged for the purpose. All the funds shall be domestic and no foreign funds shall be utilized.

f. As per Certificate dated 04.07.2008, issued by Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattal mandi, Abids, Hyderabad-500 001, Ph No. 91 (40) 24655217 .(Membership No. 203437) the Net Worth of Shri Peraje Prakash Pai as on 31.03.2008 is Rs. 515600000/- (Rupees Fifty One Crores, Fifty Six Lakhs Only).

g. As per Certificate dated 04.07.2008, issued by Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattal mandi, Abids, Hyderabad-500 001, Ph No. 91 (40) 24655217 .(Membership No. 203437) the Net Worth of Shri Peraje Anatha Pai as on 31.03.2008 is Rs. 502233000/- (Rupees Fifty Crores, Twenty Two Lakhs and Thirty Three Thousand Only).

h. Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattal Mandi, Abids, Hyderabad-500 001, No. 91 (40) 24655217 .(Membership No. 203437), vide their certificate dated 04.07.2008 have certified that Shri P.Prakash Pai (one of the Acquirers) have adequate liquid resources to implement the offer, including the Expenses thereof.

i. Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattal Mandi, Abids, Hyderabad-500 001, No. 91 (40) 24655217 .(Membership No. 203437), vide their certificate dated 04.07.2008 have certified that Shri P.Ananta Pai (one of the Acquirers) have adequate liquid resources to implement the offer, including the Expenses thereof.

j. CIL Securities ltd, Manager to the Offer states that they have satisfied themselves about the ability of the Acquirers to implement this Offer in accordance with the Regulations.

k. The payment of consideration/dispatch of unaccepted shares/crediting of unaccepted shares in dematerialized form to the Beneficairy Account shall be made on or before **Saturday, 11th October, 2008**.

8 TERMS AND CONDITIONS OF THE OFFER

a. This Offer will open on Monday, 8th September, 2008 and will close on Saturday, 27th September, 2008. The Equity Shares offered under this offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with , if any, of all rights of dividends, bonuses or rights from now on and hereafter.

b. Specified date is only for the purpose of determining the names of the Shareholders as on such date, to whom the Letter of Offer would be sent and all the owners (registered or unregistered) of shares of LCC anytime before the closure of the Offer, are eligible to participate in the Offer.

c. This Offer is made to all Shareholders of LCC, (Except the Acquirers and parties to the Agreement) whose names appear in the Register of Members of the Company on Saturday, 2nd August 2008, the Specified Date. This Offer is also open to persons (except the Acquirers and Parties to the Agreement) who own Equity shares in LCC any time prior to the closure of the Offer but are not registered Shareholders as on the "Specified Date". Those Shareholders of LCC who have sold or otherwise disposed off their holding in full or part and receiving this Offer are requested to hand over this Letter of Offer or a copy thereof to the broker or purchaser of the Shares to enable them to participate in the Offer. Such unregistered Shareholders who have acquired Equity shares of LCC till date of closure of the Offer can participate in the Offer. Shareholders who have sent their shares for transfer and have not received them back may send in their application alongwith valid transfer deeds indicating the Distinctive Numbers, Folio number of transferee, number of shares etc. and the date on which the shares were sent for transfer.

d. Accidental omission to despatch this Letter of Offer to any person to whom this Offer has been made to or non receipt of this Letter of Offer by any such person shall not invalidate this Offer in any ways. Incase of non-receipt of this Letter of Offer, the eligible person may approach the Manger to the Offer mentioned in this Letter of Offer and obtain copies of this Letter of Offer and Acceptances Form. In case the eligible member is located at place(s) other than where the Office of the Manager to the Offer is situated, he/she/they may make an application on a plain paper stating his/her/their name, address, number of equity shares held., Distinctive numbers and Folio Numbers, etc. The executed documents should reach the Managers latest by 5.00 P.M. on Saturday, 27th September, 2008, being the date of closure of offer.

e. Those Shareholders who have not received the Letter of Offer may apply on plain paper as detailed above enclosing the Share Certificates and valid Transfer Forms. The Shareholders shall also have the facility of downloading the Letter of Offer and Acceptance Form from SEBI website (www.sebi.gov.in) and the downloaded application forms can be used.

f. Unregistered Shareholders/those applying on plain paper / downloaded forms/ whose shares are pending transfer will not be required to provide any indemnity bond/letter.

g. There are no locked In shares.

h. As per the AP (DIR Series) Circular No. 16, dated 04/10/2004 (modified from time to time), grants general permission, subject to compliance with the specified conditions therein, for transfer of shares by a person resident outside India to a person resident in India There are no other statutory approvals required to acquire shares that are tendered pursuant to this offer.

i. Partly Paid shareholders are eligible to participate in the Offer only if, they make the payment of total outstanding amount of Rs. 5/- per share along with the interest (@ 15%) accrued thereon from 17-02-1992. The amount shall be paid before the closure of the offer i.e., Saturday, 27th September, 2008. The total amount (including interest) to be paid per partly paid share is Rs. 17.50.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 Acceptance of the Offer

a. Mode of Acceptance

Name and Address of the persons (Managers & Registrars to the Offer) to whom the Shares should be sent including name of the contact person, telephone no., fax no. etc.	**Working days and Timings**	**Mode of delivery**
CIL SECURITIES LIMITED #214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001. Tel. Nos. (040) 2320 2465/3155. Fax No. (040) 2320 3028. Contact Person : Shri B.M. Maheshwari E Mail: advisors@cilsecurities.com	Monday to Saturday (Except on Holidays) 11:00 A.M to 5:00 PM	By Post/ Courier/ Hand Delivery

b. The Equity shareholders holding shares in physical form/beneficial owners holding shares in dematerialized form, may please note that the Form of Acceptance, Share Certificates/copy of delivery instructions and other documents shall be sent only to the Managers to theOffer and not to the Acquirers, Target Company and sellers.

c. If the number of Equity Shares offered by the Shareholders is more than the offer size, then the acquisition from each shareholder will be as per Regulation 21(6) of the SEBI (SAST) Regulations, on proportionate basis. The Acquirers accept all valid fully paid Shares tendered and also partly paid up shares will be accepted only if the entire outstanding amount of Rs. 17.50 (including interest of Rs. 12.50) is paid on or before closure of the offer i.e., Saturday, 27th September, 2008. In case , the number of valid fully paid Shares are more than the number of shares proposed to be acquired , then, the fully paid up shares will be acquired on proportionate basis, in such a way that acquisition from shareholder shall not be less than marketable lot or the entire shareholding, if it is less than the marketable lot. In case, the number of valid fully paid shares are less than the number of shares proposed to be acquired, then the Acquirers will acquire fully paid shares on firm basis. The market lot for LCC's Shares is 100 for shares in physical form and 1 for shares held in dematerialized form.

d. The Acceptance will be made in consultation with the Manager to the Offer.

For Shareholders holding Shares in Physical Form

a. Shareholders holding shares in physical form and wishing to tender their Equity shares will be required to send their form of acceptance, original Share Certificates and transfer Deeds to the Manger to the Offer: CIL Securities Limited., at their Regd Office at # 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad- 500 001 Telephone No. (040) 2320 2465/3155. Fax No. (040) 23203028 (Contact Person Shri B.M.Maheshwari), either by hand delivery on weekdays or by Registered post on or before the Closure of the Offer i.e. Saturday, 27th September, 2008, in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance.

b. In case of non-receipt of the Letter of Offer, the eligible person may send his consent on plain paper stating the name, address, number of Shares held, distinctive Numbers, Certificate Numbers and the number of Equity shares offered along with the Share Certificates duly signed transfer forms and other required documents to the Manager to the Offer before the closure of the offer.

c. In case the Share Certificate(s) and the transfer deeds are lodged with LCC / its Transfer Agents for transfer and have not been received back, then the acceptance shall be accompanied by (i) Share Transfer Deed(s) and (ii) the acknowledgement of the lodgement with or receipt issued by LCC /its Transfer Agents for the Share Certificate so lodged. Where the Transfer deed(s) are signed by the Constituent Attorney, a certified true copy of the Power of Attorney shall also be lodged. In case of the Bodies Corporate/ Limited Companies, certified copies of Memorandum & Articles of Association and a copy of Board Resolution authorizing the signatory shall also be sent along with.

d. Persons who hold Equity shares of LCC on the Specified Date, but who are not registered as Shareholders on the Specified Date are also eligible to participate in the Offer. All such persons should send their applications in writing to the Managers to the Offer along with necessary proof of ownership and other documents as specified above.

A) Registered Shareholders should enclose

a. The enclosed Acceptance Form duly completed and signed in accordance with the instructions contained therein and signed by the Equity Shareholders of LCC in the same order in which they hold Equity shares and shall be sent to the Managers to the Offer. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Acquirer's Open Offer.

b. Original Equity Share Certificate(s), valid transfer deed(s) dully filled in and signed (by all the Equity shareholders in case the equity Shares are held jointly) as per the specimen signatures lodged with LCC and duly witnessed.

B) Unregistered owners should enclose

a. Form of Acceptance – cum Acknowledgement duly completed and signed in accordance with instructions contained therein, signed in accordance with instructions contained therein, signed by the Unregistered Shareholder(s).

b. Original Share Certificates.

c. Original broker contract note of registered broker of a Recognized Stock Exchange.

d. Valid Share transfer deed as received from the market. The details of the buyer should be left blank. If the details of buyer are filled in, the tender will not be valid under the Offer. All other requirements for valid transfer will be pre-conditions for valid acceptance.

Please do not fill any other details in the Transfer deed.

For Beneficial Owners holding Shares in dematerialized Form

a. Beneficial owners (holders of the share in Dematerialized Form) who wish to tender their shares will be required to send their Form of Acceptance cum- Acknowledgement along with a photocopy of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant (DP) in favour of special depository account opened by the Manger to the Offer, in accordance with instructions specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. The details of the Special depository Account is given below:

DP Name	CIL SECURITIES LIMITED
DP ID	12013500
Client Name	CIL SECURITIES LIMITED ESCROW ACCOUNT-LCC OPEN OFFER
Client ID	1201350000068092

b. All beneficiary owners maintaining account with NSDL are required to fill in an additional inter-depository slip maintained with the DP while giving instructions to their respective DP.

c. In case of non-receipt of the Letter of Offer, beneficial owners may send their applications in writing to the Managers to the Offer, on a plain paper stating the name, address, number of Shares held, number of Equity shares offered, DP name, DP ID, Beneficairy Account Number and photocopy of delivery instructions in "Off- Market", or counterfoil of the delivery instructions in Off -Market mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Managers to the Offer on or before the closure of the offer.

d. The Form of Acceptance and other documents required to be submitted, herewith, will be accepted by CIL Securities ltd., Managers to the Offer at their Regd Office at # 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad- 500 001, Telephone No. (040) 23202465/3155 . Fax No. (040) 2320 3028 (Contact Person: Shri B.M.Maheshwari), between 11.00 A.M. to 5.00 P.M on working days, during the period, the Offer is Open.

9.2 SETTLEMENT

a. In case of acceptance on proportionate basis, the unaccepted Share Certificates, Transfer Deeds and other documents, if any, will be returned by Registered Post at the Share Holder's sole risk as per the details furnished in the Form of Acceptance – cum-Acknowledgement. Shares held in DEMAT form to the extent not accepted will be returned to the beneficial owner in the form of acceptance cum acknowledgement.

b. The Acquirers shall arrange to pay the consideration on or before Saturday, 11th October, 2008. Payment will be made to the person named by the acceptors in the relevant box in the Acceptance Form by "Account Payee" crossed Cheque / Pay Order / Demand Draft, as indicated in the Form of acceptance. If no such details are filled in by the acceptor(s), then the same will be sent by registered post to the Sole/ First holder at their Registered Address at the EQUITY share holder's own risk.

c. In terms of Regulation 22(12) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, in the case of non-receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to, the Acquirers agreeing to pay the interest to the shareholders for delay beyond 30 days from the date of closure of the Offer.

d. The Equity Share Certificate(s) and the Transfer Deed(s) or Shares transferred to the Special Depository Account together with the Acceptance form submitted by the Acceptors of the Offer, will be held by the Mangers in trust for the acceptors of the Offer until the Acquirers complete the Offer obligations in terms of the Regulations.

9.3 WITHDRAWAL FROM THE OFFER

a. The Shareholders , who are desirous of withdrawing their acceptances tendered in the Offer, can do so upto three Working Days, prior to the date of Closure of the Offer in terms of the Regulations 22(5A) of SEBI (SAST) Regulations.

b. The Withdrawal option can be exercised by submitting the Form of Withdrawal attached to Letter of Offer duly filled in, with relevant particulars, so as to reach the Managers to the Offer on or before Wednesday, 24th September, 2008. In case of non-receipt of the Form of Withdrawal, the Withdrawal option can be exercised by making an application on plain paper alongwith the following details:
In the case of shares held in Physical Form : Name, Address, Distinctive Numbers, Folio No., No. of shares tendered/withdrawn.

In the case of shares held in Demat Form : Name, Address, Photocopy of Delivery Instruction duly acknowledged by the DP, No. of shares tendered/withdrawn.

c. The Share Certificates in respect of shares withdrawn by shareholders will be returned by Registered Post/ Credited back to the same beneficiary account from where the Shares were delivered " OFF MARKET"

9.4 OTHER RELAVANT INFORMATION

a. The instructions, authorizations an the provisions contained in the Acceptance Form constitute part of the term of the Offer.

b. Barring unforeseen circumstances, the Acquirers would endeavor to obtain all the approvals before the last date indicated for communicating rejection / acceptance and payment of consideration for applications accepted i.e. Saturday, 11th October, 2008.

c. The Manager to the Offer shall submit a final report to SEBI within 45 days of the closure of the Offer in accordance with Regulation 24(7) of the Regulations.

d. The Acceptance of this Offer is entirely at the discretion of the Equity shareholders of the LCC.

e. The Acquirers or Managers to the Offer accept no responsibility for any loss of Equity Share Certificates, offer Acceptance Form etc. during transit and the Equity Shareholders of LCC are advised to adequately safeguard their interest in this regard.

f. This is not a conditional Offer and there is no stipulation as to the minimum level of acceptance.

g. The Public Announcement, Revised Public Announcement, Letter of offer and the Form of Acceptance and Withdrawal will also be available on the SEBI website: www.sebi.gov.in . In case of non-receipt of the Letter of Offer , all shareholders including unregistered shareholders, if they so desire, may download the Letter of Offer and the Form of Acceptance from the SEBI website for applying in the Offer.

h. The Acceptance of this Offer by the shareholders of LCC must be absolute and unqualified. Any Acceptance of this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

i. The Share Certificates in respect of Shares unaccepted will be returned by Registered Post/ Credited Back to the same beneficiary account from where the Shares were delivered "OFF MARKET"

10. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at Registered Office of Managers to the Offer at 214, Raghava Ratna Towers, Chirag Ali lane, Abids, Hyderabad-500 001, during normal business hours (11.00 A.M. to 5.00 P.M) on all working days during the period from the date of this Letter of Offer till date of closure of the Offer.

a. Copy of the agreement dated 05.07.2008 entered into between LCC and Acquirers.

b Copy of MOU dated 05.07.2008, between Acquirers and Managers to the Offer .

c. Copy of the Agreement dated 05.07.2008 for opening of Special Depository Account.

d. Audited Annual Accounts of LCC for the last three years, 31.03.2008, 2007 & 2006 .

e. Copies of the Certificate dated 04.07.2008, issued by Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattal mandi, Abids, Hyderabad-500 001, Ph No. 91 (40) 24655217 .(Membership No. 203437) certifying the Net Worth of Shri P.Prakash Pai .

f. Copies of the Certificate dated 04.07.2008, issued by Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattal mandi, Abids, Hyderabad-500 001, Ph No. 91 (40) 24655217 .(Membership No. 203437) certifying the Net Worth of Shri P.Anantha Pai .

g. Copies of the Certificate dated 04/07/2008 issued by Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattal mandi, Abids, Hyderabad-500 001, Ph No. 91 (40) 24655217 .(Membership No. 203437) certifying that Shri P.Prakash Pai (one of the Acquirers) have adequate liquid resources to implement the offer, including the expenses thereof.

h. Copies of the Certificate dated 04/07/2008 issued by Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattal mandi, Abids, Hyderabad-500 001, Ph No. 91 (40) 24655217 .(Membership No. 203437) certifying that Shri P.Anantha Pai (one of the Acquirers) have adequate liquid resources to implement the offer, including the expenses thereof.

i. Copies of the Certificate dated 30/08/2008 issued by Vasanth Pai & Co. Chartered Accountants, 5-4-786, 2nd Floor, Ganesh Chambers, J.N.Road, Kattal mandi, Abids, Hyderabad-500 001, Ph No. 91 (40) 24655217 .(Membership No. 203437) certifying that the acquirers have adequate liquid resources to implement the offer, including the expenses thereof.

j. Copy of the letter dated 07/07/2008, from HDFC Bank, Lakdi –ka-Pul Branch, Hyderabad, confirming the opening of Escrow account and certifying that lien has been noted in favour of CIL Securities Limited, Managers to the Offer.

k. Copy of the letter addressed by Shri Peraje Prakash Pai and Shri Peraje Anantha Pai, giving unqualified authority to the Manager to the Offer to dispose off funds held in Escrow account and copy of letter addressed to HDFC Bank , Lakdi-Ka-Pul Branch, Hyderabad in this regard.

l. Copies of the Public Announcement made in newspapers on July 7, 2008.

m. Copies of Revised Public Announcement made in newspapers on July 23, 2008

n. Due Deligence letter dated on 19/07/2008 submitted to SEBI by CIL Securities Limited, Managers to the Offer

11. DECLARATION

The Acquirers accepts full responsibility for the information contained in this letter of offer and Form of Acceptance. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

The Acquirers shall be jointly and severally responsible for ensuring compliance of the Regulations.

Signed by the Acquirers

Sd/-
Shri Peraje Anantha Pai
(POA Holder)
/ Shri Peraje Prakash Pai

Sd/-
Shri Peraje Anantha Pai

Place: Hyderabad
Date: 02/09/2008

Encl:

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal

Annexure 1

STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGULATIONS (AS APPLICABLE) FOR TARGET COMPANY

Sl. No	Regulation/ Sub- regulation mentioned in the regulation	Due Date for compliance as	Actual date of compliance Col. 4- Col. 3	Delay, if any (in no. of days)	Remarks
1	2	3	4	5	6
1.	6(2)	20.05.1997	28.03.2003	6 Years & 312 days	Disclosures were made under SEBI Regularisation Scheme 2002 and accordingly, penalty was paid
2.	6(4)	20.05.1997	28.03.2003	6 Years & 312 days	Disclosures were made under SEBI Regularisation Scheme 2002 and accordingly, penalty was paid
3.	8(3)	30.04.1998	09.04.1998	No Delay	No Delay
4.	8(3)	30.04.1999	28.03.2003	3 Years & 332 days	Disclosures were made under SEBI Regularisation Scheme 2002 and accordingly, penalty was paid
5.	8(3)	30.04.2000	28.03.2003	2 Years & 332 days	Disclosures were made under SEBI Regularisation Scheme 2002 and accordingly, penalty was paid
6.	8(3)	30.04.2001	12.04.2001	No Delay	
7.	8(3)	30.04.2002	08.04.2002	No Delay	
8.	8(3)	30.04.2003	22.04.2003	No Delay	
9.	8(3)	30.04.2004	22.04.2004	No Delay	
10.	8(3)	30.04.2005	18.04.2005	No Delay	
11.	8(3)	30.04.2006	18.04.2006	No Delay	
12.	8(3)	30.04.2007	30.04.2007	No Delay	
13.	8(3)	30.04.2008	15.07.2008	2 months 15 days	
14.	7(3)	01.01.2004	01.01.2004	No Delay	
15.	7(3)	24.02.2004	Not Complied	Not Complied	
16.	7(3)	24.03.2004	Not Complied	Not Complied	
17.	7(3)	28.02.2005	22.02.2005	No Delay	
18.	7(3)	30.01.2007	04.10.2007	8 months 5 days	
19.	7(3)	01.02.2007	04.10.2007	8 months 3 days	
20.	7(3)	16.02.2007	04.10.2007	7 months 18 days	
21.	7(3)	26.09.2007	04.10.2007	7 days	
22.	7(3)	30.09.2007	04.10.2007	4 days	
23.	7(3)	03.10.2007	04.10.2007	1 day	
24.	7(3)	05.10.2007	04.10.2007	No Delay	
25.	7(3)	10.10.2007	04.10.2007	No Delay	
26.	7(3)	11.10.2007	05.10.2007	No Delay	
27.	7(3)	13.10.2007	06.10.2007	No Delay	
28.	7(3)	14.10.2007	06.10.2007	No Delay	
29.	7(3)	17.10.2007	13.10.2007	No Delay	
30.	7(3)	17.12.2007	11.01.2008	25 days	
31.	7(3)	18.12.2007	11.01.2008	24 days	
32.	7(3)	23.12.2007	11.01.2008	19 days	
33.	7(3)	31.12.2007	11.01.2008	11 days	
34.	7(3)	02.01.2008	11.01.2008	9 day	
35.	7(3)	09.01.2008	11.01.2008	2 days	
36.	7(3)	10.01.2008	11.01.2008	1 day	
37.	7(3)	15.07.2008	15.07.2008	No Delay	
38.	7(3)	15.07.2008	11.07.2008	No Delay	

STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGULATIONS (as applicable)

A) By the promoters/Sellers/major shareholders/Acquirers, separately (as may be applicable) - Network Foods International Limited

Sl. No.	Regulation/ Sub- regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3	Remarks
1	2	3	4	5	6
1.	6(1)	20.04.1997	NA	N.A	
2.	6(3)	20.04.1997	20.02.1997	No Delay	
3.	8(1)	21.04.1998	NA	N.A	
4.	8(2)	21.04.1998	31.03.1998	No Delay	
5.	8(1)	21.04.1999	NA	N.A	
6.	8(2)	21.04.1999	31.03.1999	No Delay	
7.	8(1)	21.04.2000	NA	N.A	
8.	8(2)	21.04.2000	31.03.2000	No Delay	
9.	8(1)	21.04.2001	NA	N.A	
10.	8(2)	21.04.2001	31.03.2001	No Delay	
11.	8(1)	21.04.2002	NA	N.A	
12.	8(2)	21.04.2002	31.03.2002	No Delay	
13.	8(1)	21.04.2003	NA	N.A	
14.	8(2)	21.04.2003	31.03.2003	No Delay	
15.	8(1)	21.04.2004	NA	N.A	
16.	8(2)	21.04.2004	31.03.2004	No Delay	
17.	8(1)	21.04.2005	NA	N.A	
18.	8(2)	21.04.2005	NA	N.A	
19.	8(1)	21.04.2006	NA	N.A	
20.	8(2)	21.04.2006	NA	N.A	
21.	8(1)	21.04.2007	NA	N.A	
22.	8(2)	21.04.2007	NA	N.A	
23.	8(1)	21.04.2008	NA	N.A	
24.	8(2)	21.04.2008	NA	N.A	
25.	7(1A)	25.12.2003	25.12.2003	No Delay	

B) By the promoters/Sellers/major shareholders/Acquirers, separately (as may be applicable) – D. Durga Prasad & A. Ramakrishna (Sellers)

Sl. No.	Regulation/ Sub- regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3	Remarks
1	2	3	4	5	6
1.	6(1)	20.04.1997	N.A	N.A	
2.	6(3)	20.04.1997	N.A	N.A	
3.	8(1)	21.04.1998	N.A	N.A	
4.	8(2)	21.04.1998	N.A	N.A	
5.	8(1)	21.04.1999	N.A	N.A	
6.	8(2)	21.04.1999	N.A	N.A	
7.	8(1)	21.04.2000	N.A	N.A	
8.	8(2)	21.04.2000	N.A	N.A	
9.	8(1)	21.04.2001	N.A	N.A	
10.	8(2)	21.04.2001	N.A	N.A	
11.	8(1)	21.04.2002	N.A	N.A	

12.	8(2)	21.04.2002	N.A	N.A
13.	8(1)	21.04.2003	N.A	N.A
14.	8(2)	21.04.2003	N.A	N.A
15.	8(1)	21.04.2004	N.A	N.A
16.	8(2)	21.04.2004	09.04.2004	No Delay
17.	8(1)	21.04.2005	N.A	N.A
18.	8(2)	21.04.2005	11.04.2005	No Delay
19.	8(1)	21.04.2006	N.A	N.A
20.	8(2)	21.04.2006	10.04.2006	No Delay
21.	8(1)	21.04.2007	N.A	N.A
22.	8(2)	21.04.2007	10.04.2007	No Delay
23.	8(1)	21.04.2008	N.A	N.A
24.	8(2)	21.04.2008	10.04.2008	No Delay
25.	7(1)	25.12.2003	25.12.2003	No Delay
26.	7(1A)	17.02.2004	Not Complied	Not Complied
27.	7(1A)	17.03.2004	Not Complied	Not Complied
28.	7(1A)	09.11.2004	06.11.2004	No Delay
29.	7(1A)	25.02.2005	22.02.2005	No Delay
30.	7(1A)	24.01.2007	23.01.2007	No Delay
31.	7(1A)	11.02.2007	09.02.2007	No Delay
32.	7(1A)	19.09.2007	19.09.2007	No Delay
33.	7(1A)	23.09.2007	23.09.2007	No Delay
34.	7(1A)	26.09.2007	26.09.2007	No Delay
35.	7(1A)	28.09.2007	28.09.2007	No Delay
36.	7(1A)	03.10.2007	03.10.2007	No Delay
37.	7(1A)	05.10.2007	04.10.2007	No Delay
38.	7(1A)	06.10.2007	06.10.2007	No Delay
39.	7(1A)	07.10.2007	07.10.2007	No Delay
40.	7(1A)	11.10.2007	10.10.2007	No Delay
41.	7(1A)	12.10.2007	10.10.2007	No Delay
42.	7(1A)	16.10.2007	13.10.2007	No Delay
43.	7(1A)	12.12.2007	10.12.2007	No Delay
44.	7(1A)	13.12.2007	11.12.2007	No Delay
45.	7(1A)	19.12.2007	17.12.2007	No Delay
46.	7(1A)	26.12.2007	24.12.2007	No Delay
47.	7(1A)	28.12.2007	26.12.2007	No Delay
48.	7(1A)	04.01.2008	02.01.2008	No Delay
49.	7(1A)	07.01.2008	03.01.2008	No Delay
50.	7(1A)	08.01.2008	08.07.2008	6 months
51.	7(1A)	23.01.2008	08.07.2008	5 months 15 days
52.	7(1A)	08.02.2008	08.07.2008	5 months
53.	7(1A)	09.07.2008	08.07.2008	No Delay

C) By the promoters/Sellers/major shareholders/Acquirers, separately (as may be applicable) – Sri Peraje Prakash Pai and Sri Peraje Anantha Pai (Acquirers)

Sl. No.	Regulation/ Sub- regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3	Remarks
1.	6(1)	20.04.1997	N.A	N.A	
2.	6(3)	20.04.1997	N.A	N.A	
3.	8(1)	21.04.1998	N.A	N.A	
4.	8(2)	21.04.1998	N.A	N.A	
5.	8(1)	21.04.1999	N.A	N.A	
6.	8(2)	21.04.1999	N.A	N.A	
7.	8(1)	21.04.2000	N.A	N.A	
8.	8(2)	21.04.2000	N.A	N.A	
9.	8(1)	21.04.2001	N.A	N.A	
10.	8(2)	21.04.2001	N.A	N.A	
11.	8(1)	21.04.2002	N.A	N.A	
12.	8(2)	21.04.2002	N.A	N.A	
13.	8(1)	21.04.2003	N.A	N.A	
14.	8(2)	21.04.2003	N.A	N.A	
15.	8(1)	21.04.2004	N.A	N.A	
16.	8(2)	21.04.2004	N.A	N.A	
17.	8(1)	21.04.2005	N.A	N.A	
18.	8(2)	21.04.2005	N.A	N.A	
19.	8(1)	21.04.2006	N.A	N.A	
20.	8(2)	21.04.2006	N.A	N.A	
21.	8(1)	21.04.2007	N.A	N.A	
22.	8(2)	21.04.2007	N.A	N.A	
23.	8(1)	21.04.2008	N.A	N.A	
24.	8(2)	21.04.2008	N.A	N.A	
25.	7(1)	09.07.2008	10.07.2008	1 day	

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Managers & Registrars to the Offer ONLY at their address given overleaf.)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

PLEASE READ THE PARA ON "PROCEDURE FOR THE ACCEPTANCE AND SETTLEMENT" OF THE LETTER OF OFFER BEFORE FILLING THIS FORM.

OFFER

OPENS ON :	Monday, 8th September, 2008
CLOSES ON :	Saturday, 27th September, 2008

From:

____

____

To,
CIL Securities Limited
#214, Raghava Ratna Towers,
Chirag Ali Lane, Abids, Hyderabad – 500 001.

Sub: Open Offer to the shareholders of **Lotus Chocolate Company Limited** (Target Company" / "LCC") to acquire 25,68,210 Equity Shares of representing 20.00% of the Subscribed and Paid-up Equity Capital at a price of Re. 16/- (Rupee Sixteen only) per fully paid up share ("Offer Price") Payable in cash by Shri Peraje Prakash Pai and Shri Peraje Anantha Pai **("Acquirers").**

Dear Sir**,**

I/We refer to the Letter of Offer dated ……….. for acquiring the equity shares held by me / us in **Lotus Chocolate Company Limited.**

I/We the undersigned, have read the Letter of Offer understood and accept unconditionally its contents including the terms and conditions and procedures as mentioned therein.

For Shares held in Physical Form

I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below.

Ledger Folio No. .... No. of Share Certificate(s) .... No. of Equity Shares ....

Sr.No.	Certificate No.	Distinctive Nos		No. of Shares
		From	To	
		Total number of equity shares		

(In case the space provided is inadequate, please attach a separate sheet with details and authenticate the same)

For Shares held in Demat Form

I/We hold shares in demat form and accept the Offer and enclose photocopy of the Delivery Instruction duly acknowledged by my/our DP in respect of my/our equity shares as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Equity Shares

I/We have done an off market transaction for crediting the shares to the Escrow Account named "CIL Sec Ltd Escrow A/c - LCC Open Offer " (the "Depository Escrow Account") with the following particulars: **Depository Participant Name: CIL Securities Limited. DP ID No.: 13500, Client ID No.: 1201350000068092**

Shareholders whose shares are held in beneficiary Account with NSDL have to use an inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the Depository Escrow Account with CDSL

For NRIs/OCBs/FIIs/Foreign Shareholders:

I/We have enclosed the following documents:

ðNo Objection Certificate / Tax Clearance Certificate from Income Tax Authorities. ð Previous RBI approvals for holding the shares of Vasundhara Rasayans Limited hereby tendered in the Offer.

The Permanent Account No. (PAN/GIR No.) allotted under the Income Tax Act 1961 is as under:

	1st Shareholder	2nd Shareholder	3rd Shareholder
PAN/GIR No.			

I/We confirm that the equity shares of lotus Chocolate Company Limited which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Managers to the Offer until the time the Acquirers pay the purchase consideration as mentioned in the Letter of Offer.

I/We note and understand that the Shares would lie in the Depository Escrow Account until the time the Acquirers make payment of the purchase consideration as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

I/We authorise the Acquirers to accept the shares so offered which they may decide to accept in consultation with the Manager to the offer and in terms of the Letter of Offer and I/We further authorise the Acquirers to return to me/us, equity shares/share certificate(s) in respect of which the Offer is not found valid / not accepted without specifying the reasons thereof.

I/We authorise the Acquirers or the Manager to the Offer to send by registered post/speed post/UCP, the draft/ Pay Order/ cheque in settlement of the amount, to the sole / first holder at the address recorded with the Company/Depository Participant.

Yours faithfully,

Signed and Delivered:

——————————————————TEAR ALONG THIS LINE——————————————————

Folio No./BO ID:______________________________ Sr. No.:___________________Acknowledgement Slip

CIL SECURITIES LIMITED

#214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001.

Signature of Official and Date of Receipt

Received from Mr/Ms.____

Address____

____

Form of acceptance cum acknowledgement,#___________ Number of Share Certificates_____________ for Equity shares/ #copy of Delivery instruction to (DP) for ________________________Equity shares

Delete whatsoever is not applicable

	FULL NAMES	SIGNATURE(S)
First/Sole Shareholder		
Second Shareholder		
Third Shareholder		
Fourth Shareholder		

Tel.No. _______________Fax No._________________ Email_______________________________________

Place : Date :

Note: *In case of joint holdings, all holders must sign. In case of body corporate, stamp of the company should be affixed and necessary board resolution should be attached.*

So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For shares that are tendered in electronic form, the Bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the Cheque or demand draft will be issued with the said Bank particulars.

Name of the Bank		Branch	
Account Number		Savings/Current/ (Others: please specify)	

INSTRUCTIONS

1. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.

2. Shareholders should enclose the following :-

I For Equity shares held in demat form :- Beneficial owners should enclose

- ☐ **Form of Acceptance cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
- ☐ Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP.
- ☐ For each delivery instructions the beneficial should submit separate Form of Acceptance.

In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, the offer shall be deemed to be accepted.

II For Equity shares held in physical form :- Registered Shareholders should enclose

- ☐ **Form of Acceptance cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- ☐ **Original Share Certificate(s).**
- ☐ **Valid Share Transfer form(s)** duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Lotus Chocolate Company Limited and duly witnessed at the appropriate place.

In case of registered shareholder, non-receipt of the aforesaid documents, but receipt of the share certificates alongwith the duly completed transfer form ,the Offer shall be deemed to be accepted.

III Unregistered owners should enclose

- ☐ **Form of Acceptance cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein.
- ☐ **Original Share Certificate(s).**
- ☐ **Original broker contract note**.
- ☐ **Valid Share Transfer form(s)** as received from the market.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

3 Non resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in Lotus Chocolate Company Limited. If, the shares are held under General Permission of RBI the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.

4 Non resident shareholders should enclose No objection certificate/Tax Clearance certificate from the Income Tax Authorities under Income Tax Act, 1961, indicating the tax to be deducted by the Acquirers before remittance of consideration otherwise tax will deducted at marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirers.

————————————————TEAR ALONG THIS LINE————————————————

CIL Securities Limited

#214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001

Phone: +91 40 2320 3155/2465; Fax: +91 40 2320 3028;

Email: advisors@cilsecurities.com

PLEASE READ THE PARA ON "PROCEDURE FOR THE ACCEPTANCE AND SETTLEMENT" OF THE LETTER OF OFFER BEFORE FILLING THIS FORM.

FORM OF WITHDRAWAL

OFFER

OPENS ON :	Monday, 8th September, 2008
CLOSES ON :	Saturday, 27th September, 2008
LAST DATE OF WITHDRAWAL	Wednesday, 24th September, 2008

From:

____

____

To,

CIL Securities Limited
#214, Raghava Ratna Towers,
Chirag Ali Lane, Abids, Hyderabad – 500 001.

Dear Sir,

Sub: Open Offer to the shareholders of **Lotus Chocolate Company Limited** (Target Company" / "LCC") to acquire 25,68,210 Equity Shares of representing 20.00% of the Subscribed and Paid-up Equity Capital at a price of Re. 16/- (Rupee Sixteen only) per fully paid up share ("Offer Price") Payable in cash by Mr. P.Prakash Pai and Mr P.Anantha Pai**. ("Acquirers").**

I/We refer to the Letter of Offer dated …………. for acquiring the Equity Shares held by me/us in **Lotus Chocolate Company Limited.**

I/We the undersigned, have read the Letter of Offer understood and accept unconditionally its contents including the terms and conditions and procedures as mentioned therein.

I/We have read the procedure for withdrawal of equity shares tendered by me/us in the Offer as mentioned in the para 9.3 of the Letter of Offer and unconditionally agree to the terms & condition mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our equity shares from the Offer and I/We further authorise the Acquirers to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our equity shares from the Offer, no claim or liability shall lie against the Acquirers /Manager to the Offer.

I/We note that this Form of Withdrawal should reach the Managers & Registrars to the Offer at their address mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal (i.e. Wednesday, 24th September, 2008).

I/We note that the Acquirers/ Managers & Registrars to the Offer shall not be liable for any postal delay/loss in transit of the equity shares held in physical form and also for the non receipt of equity shares held in the dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirers will return Original Share Certificate(s), Share Transfer Deed(s) and equity shares only on completion of verification of the documents, signatures and beneficiary position data as available from the Depository from time to time, respectively.

The particulars of withdrawal of original shares certificates and duly signed transfer deed(s) are detailed below:

Ledger Folio No. _________________ No. of Share Certificate(s) ___________________ No. of Equity Shares _________________________

Sr.No.	Certificate No.	Distinctive Nos		No. of Shares
		From	To	
	Tendered			
1				
2				
3				
4				
	Withdrawn			
1				
2				
3				
4				

Total number of equity shares

(In case of insufficient space, please use an additional sheet and authenticate the same)

———————————————————-TEAR ALONG THIS LINE———————————————————

Folio No./BO ID:_____________________________ **Sr. No.:**___________________**Acknowledgement Slip**

CIL SECURITIES LIMITED

#214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001.

Signature of Official and Date of Receipt

Received from Mr/Ms.____

Address____

____

Form of withdrawal dated___________ Number of Share Certificates_____________ for Equity shares/ #copy of Delivery instruction to (DP) for ______________________Equity shares

Delete whatsoever is not applicable

Folio No./BO ID:__________________________________ **Sr. No.:**______________________________ **Acknowledgement Slip**

CIL SECURITIES LIMITED

#214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001.

Signature of Official and Date of Receipt

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

Address____

____

Form of Withdrawal dated ___________________ Number of Share Certificates for ______________

Equity Shares /# Copy of Delivery instruction to (DP) for _______________________ __ Equity Shares.

Delete whichever is not applicable

I/We hold the following equity shares in dematerialised Form and tendered the Equity Shares in the Offer and had done an offmarket transaction for crediting the Shares to the "CIL SEC LTD ESCROW A/C – LCC OPEN OFFER" (Depository Escrow Account) as per the following particulars:-

Depository Participant Name: CIL Securities Limited. DP ID No.: 13500, Client ID No.: 1201350000068092

Please find enclosed a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP.

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Equity Shares

Address of First / Sole Shareholder :____

Tel. No.: ________________________________Fax No.:______________________________ E-mail :______________________________

I/We note that the equity shares will be credited back only to that Depository Account, from which the Equity Shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialised Shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

Signed and delivered

	FULL NAMES	SIGNATURE(S)
First/Sole Shareholder		
Second Shareholder		
Third Shareholder		
Fourth Shareholder		

Note : In case of joint holders all must sign. In case of body corporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Place :

Date :

————————————————————TEAR ALONG THIS LINE————————————————————

Note: All future correspondence, if any, should be addressed to the Managers & Registrars to the Offer at the following address:

CIL Securities Limited

#214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001

Phone: +91 40 2320 3155/2465; Fax: +91 40 2320 3028;

Email: advisors@cilsecurities.com

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BOOK-POST

Under Certificate of Posting

CIL Securities Limited

#214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001

Phone: +91 40 2320 3155/2465; Fax: +91 40 2320 3028;

Email: advisors@cilsecurities.com