



ITC Limited

Virginia House

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Kolkata 700 071, India

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17th January, 2023

The Manager
Listing Department
National Stock Exchange of
India Ltd.
Exchange Plaza,
Plot No. C-1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

The General Manager
Dept. of Corporate Services
BSE Ltd.
P. J. Towers
Dalal Street
Mumbai 400 001

The Secretary
The Calcutta Stock
Exchange Ltd.
7, Lyons Range
Kolkata 700 001

Dear Sirs,

Binding Term Sheet to acquire shares of Sproutlife Foods Private Limited

We write to advise, pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), that the Company has signed a Binding Term Sheet on 16th January, 2023, to acquire 100% of the share capital (on a fully diluted basis) of Sproutlife Foods Private Limited, an Indian company primarily engaged in the business of manufacture and sale of food products under the trademark 'Yoga Bar', subject to execution of transaction documents setting out the terms and conditions on which the proposed acquisition will be consummated.

Summarised details of the proposed acquisition, as required under Regulation 30 of the Listing Regulations read with the SEBI Circular dated 9th September, 2015, are given in the **Enclosure**.

A copy of the Media Release being issued by the Company is also enclosed.

Yours faithfully,
ITC Limited

(R. K. Singhi)
Executive Vice President &
Company Secretary

Enclosed: a/a



cc: Securities Exchange Commission
Division of Corporate Finance
Office of International Corporate Finance
Mail Stop 3-9
450 Fifth Street
Washington DC 20549
U.S.A.

cc: Societe de la Bourse de Luxembourg
35A Boulevard Joseph II
L-1840 Luxembourg

Enclosure

Sl. No.	Particulars	Disclosures
1.	Name of the target entity	Sproutlife Foods Private Limited ('Sproutlife').
2.	Whether the acquisition would fall within related party transaction(s) and whether the promoter / promoter group / group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at 'arm's length'	<p>The proposed acquisition does not fall within related party transaction.</p> <p>The Company / Group companies of the Company have no interest in Sproutlife.</p>
3.	Industry to which the entity being acquired belongs	New and innovative food products.
4.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)	<p>The Company has signed a Binding Term Sheet to acquire 100% of the share capital (on a fully diluted basis) of Sproutlife in one or more tranches, subject to execution of transaction documents setting out the detailed terms and conditions on which the proposed acquisition will be consummated.</p> <p>In line with the strategy to augment the Company's future ready portfolio, the proposed acquisition will strengthen and expand its reach with innovative food products for health conscious consumers.</p>
5.	Brief details of any governmental or regulatory approvals required for the acquisition	None.
6.	Indicative time period for completion of the acquisition	Subject to fulfilment of terms and conditions provided in the transaction documents, the indicative time period for completion of the acquisition is provided in the Annexure .
7.	Nature of consideration - whether cash consideration or share swap and details of the same	Cash.
8.	Cost of acquisition or the price at which the shares are acquired	The indicative investment envisaged, subject to valuation / computation and fulfilment of terms and conditions provided in the transaction documents, is given in the Annexure .

Sl. No.	Particulars	Disclosures																
9.	Percentage of shareholding / control acquired and/or number of shares acquired	100% of the share capital of Sproutlife (on a fully diluted basis) is proposed to be acquired over a time period of about three to four years from the execution of transaction documents.																
10.	Brief background about the entity acquired in terms of products / line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief)	<p>Sproutlife is a start-up engaged in the business of manufacturing and selling food products under the trademark ‘Yoga Bar’. Positioned as a digital first brand, Yoga Bar currently has high salience of on-line sales (D2C, e-commerce platforms etc.) with growing presence in offline stores.</p> <p>Other details are as follows:</p> <table border="1"> <tr> <td>Products / line of business of the target entity</td> <td colspan="2">Manufacture and sale of food products</td> </tr> <tr> <td>Date of incorporation</td> <td colspan="2">13th February, 2015</td> </tr> <tr> <td rowspan="3">Last 3 years’ turnover</td> <td>2021-22</td> <td>₹ 68 crores</td> </tr> <tr> <td>2020-21</td> <td>₹ 39 crores</td> </tr> <tr> <td>2019-20</td> <td>₹ 32 crores</td> </tr> <tr> <td>Country of operations</td> <td colspan="2">India</td> </tr> </table>	Products / line of business of the target entity	Manufacture and sale of food products		Date of incorporation	13 th February, 2015		Last 3 years’ turnover	2021-22	₹ 68 crores	2020-21	₹ 39 crores	2019-20	₹ 32 crores	Country of operations	India	
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Annexure

Sl. No.	Percentage of shareholding / control acquired and / or number of shares acquired	Indicative Consideration and time period
1.	Acquisition of 47.5% of the paid-up share capital on a fully diluted basis through primary subscription and secondary purchases.	<p>Initial Investment of ₹ 175 crores will be made through primary subscription and secondary purchases for acquisition of 39.4% of the paid-up share capital on a fully diluted basis, which is expected to be completed by 15th February, 2023 or such other later date as may be mutually agreed upon.</p> <p>Further infusion of ₹ 80 crores will be made through primary subscription, in one or more tranches, by 31st March, 2025 or such other later date as may be mutually agreed upon, based on pre-agreed pre-money valuation.</p>
2.	Purchase of balance shares taking the shareholding of the Company in Sproutlife to 100% of the paid-up share capital on a fully diluted basis.	To be determined based on pre-agreed valuation criteria, within 3 months from the date on which Sproutlife provides the audited financial statements for the financial year ending on 31 st March, 2026 to the Company in terms of the transaction documents and subject to fulfilment of various terms and conditions.



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Media Release

January 17, 2023

ITC to acquire Yoga Bar; fortifying its nutrition-led healthy foods portfolio

ITC is fortifying its presence in the Rs. 45,000 crores¹, fast growing, nutrition-led healthy foods space, with a proposed strategic investment in M/s. Sproutlife Foods Private Limited (SFPL), a Direct-to-Consumer (D2C) Start-Up engaged in the manufacture and sale of innovative products catering to health-conscious consumers under the clean label, new-age digital-first brand 'Yoga Bar'.

ITC will acquire 100% of SFPL over a period of 3 to 4 years. 47.5% stake in SFPL will be acquired, in tranches, by March 31st, 2025; and the balance stake will be acquired, basis pre-defined valuation criteria, subject to other conditions agreed to in the binding documents.

Anchored on the codes of 'All Natural and No Artificial Ingredients', Yoga Bar today has built a market winning product portfolio including Nutrition Bars, Muesli, Oats and Cereals. Yoga Bar currently has a high salience of on-line sales (D2C, e-Commerce platforms etc.) with growing presence in offline stores. In a relatively short span of time, Yoga Bar has established itself as a leader in the Bars segment and has built a strong market position in the Muesli segment.

The acquisition will enable ITC to augment its future-ready portfolio and enhance market presence in the 'Good for You' space which currently includes Aashirvaad Multi-Grain Atta, Aashirvaad Nature's Super Foods, Farmlite range of biscuits, Sunfeast Protein Shake, B Natural Nutralite ABC Beverage among others. Yoga Bar is expected to be rapidly scaled up, leveraging ITC's enterprise strengths in areas such as sales & distribution, sourcing, product development, and digital.

This investment is in line with the 'ITC Next' strategy articulated by Chairman Mr. Sanjiv Puri that focuses also on building a future-ready portfolio of products that serve evolving consumer needs.

Commenting on this acquisition, Mr. Hemant Malik, Divisional Chief Executive, Foods Division, ITC Limited stated, *"We believe that this investment is an exciting opportunity that aligns with ITC's Foods Business' aspiration to build a formidable portfolio in the nutrition-led healthy foods space. We look forward to scaling the Yoga Bar brand offering superior and healthy consumer choices. Within a short span of time, Yoga Bar has established itself as a leading brand in the healthy foods space, driven by impactful market positioning and a range of innovative products."*

Commenting on this transaction, Ms. Suhasini Sampath Kumar and Ms. Anindita Sampath Kumar, co-founders, said, *"We are delighted to join hands with ITC in Yoga Bar's next phase of growth. ITC has a long history of building world-class brands, leveraging its core competencies which encompass superior understanding of the consumer, strong backward linkages with agri supply chain and a deep and wide distribution network. We are confident that this partnership will add to Yoga Bar's competitive advantage and take it to the next level from the current Annualised Run Rate of over Rs.100 crores. We are delighted that ITC and Yoga Bar will work together to build one of the largest brands in the healthy foods space."*

Forwarded, with compliments,

Nazeeb Arif
Executive Vice President & Head
Corporate Communications
ITC Limited

¹ Source: Euromonitor, internal estimates