

**“Tata Consumer Products & Tata Coffee Limited
Conference Call”**

March 29, 2022



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Moderator: Ladies and gentlemen, good day and welcome to Tata Consumer Products & Tata Coffee Limited Conference Call Hosted by Kotak Institutional Equities Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “*” then “0” on a touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jaykumar Doshi from Kotak Institutional Equities. Thank you and over to you Sir!

Jaykumar Doshi: Good evening everyone, on behalf of Kotak Institutional Equities I welcome you all to conference call of Tata Consumer Products & Tata Coffee. We have with us the senior management team of Tata Consumer Products & Tata Coffee. I will now hand over the call to Nidhi Verma – Head Investor Relations who will introduce the team. Over to you Nidhi. Thank you.

Nidhi Verma: Thanks Jay and thanks Kotak for hosting us. I welcome everyone, I understand it is late in India and Asia, but we thought it is important to talk about this event. So I am joined by my colleague Sunil D'Souza – Managing Director and CEO of Tata Consumer, Mr. L. Krishnakumar – Executive Director & Group CFO, Mr. Ajit Krishnakumar – COO - Tata Consumer, I also have from Tata Coffee Mr. Chacko Thomas – Managing Director & CEO - Tata Coffee and Mr. Venkat – Executive Director & CFO - Tata Coffee.

As you all know the purpose of the call today is to discuss the outcome of the board meetings of the two companies. I hope you have had the opportunity to download the presentation which is available on our website and also on the stock exchange. If you have not done that, we will request you to please download a copy. For further proceedings I will now hand it over to Sunil. Sunil over to you.

Sunil D'Souza: Thanks Nidhi. Like you said we had back-to-back board meetings of Tata Coffee and Tata Consumer Products to consider a series of items and we have just filed with the stock exchanges, the results of those meetings. Overall this is between the two companies we have proposed a group simplification exercise which we have filed for.

To walk you through the group simplification exercise, I am sure all of you are aware of the profile of Tata Consumer Products. We are an integrated food and beverage company with a rich heritage of Tata aspiring for a larger share of the FMCG world. Number two branded tea player globally, FY2021 11600 Crores, 200 million households, reached to 2.6 million retail outlets, among the top 10 FMCG companies in India.

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We are a branded company with big brands like Tata Salt, Tea, Eight O'Clock, Tata Sampann, Tetley and Himalayan. Now Tata Coffee is a company which has again a portfolio of play there with extractions and instant coffee, branded coffee, green bean coffee, pepper and tea. They are among the world's largest integrated coffee cultivation and processing companies, the second larger exporter of instant coffee, a large international footprint where we import from 15 but export to 42 countries and they are also the exclusive supplier and roasting partner for Tata Starbucks.

They have a majority holding in Eight O'Clock, we have three plants for instant coffee including two in India and one in Vietnam, processing units for coffee and pepper, roast and ground units for Tata Coffee Grand which is an online brand as well as Sonnets, 18 plantations for coffee and pepper of about 8000 hectares and 6 tea estates of 2400 hectares.

Now this reorganization plan of group simplification is essentially to simplify synergize and align various initiatives starting with two big initiatives of consolidation of minority interest from Tata Coffee and TCP UK Group in TCPL. Number one is a notification which we had already sent out which the board had considered today which was purchase of a minority interest in the UK business from Tata Enterprise overseas through preferential allotment by TCPL in the India entity, and the second one was TCL combining with TCPL and a wholly owned subsidiary of TCPL through a composite scheme of demerger and merger. Essentially this global simplification seeks to unlock synergies and build efficiencies in operations, enables faster decision making, creates focused business verticals and unlocks potential synergies. So we look at our efficiencies in terms of corporate structure as well as significant reduction in number of entities, and this enables faster decision making and execution by converting minority interest and creating a single listed entity. This is also a stepping stone for further consolidation and simplification in the international business. As a result of this we will create two extra business verticals for Tata Consumer Products, one is extractions where we will combine the tea and coffee extractions that we will now have and creating a dedicated plantation vertical and unlocking potential synergies both from the front end as well as cost synergies with a single holding company for international branded business. The legal structure that we have in Tata Consumer, we had 45 legal entities which we now aim to consolidate over a period of time, which will help us and align legal and management structures converging all the minority interests of all subsidiaries into Tata Consumer Products. We will create a single listed entity capturing the full value of the TCPL group and this paves way as I mentioned for further operational and structural benefits. The synergies would be in terms of revenue and distribution with increased product offerings to customers where we have got product expansion as well as synergies on geographies that they operate in, more efficient use of management bandwidth, optimization of cost structures, better procurement and leverage on supply chain, and other operational efficiencies. Now in terms of the reorganization essentially we will do a de-

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merger of the plantation business of Tata Consumer into the new wholly owned subsidiary of Tata Consumer Products step one, step two is the remnant business of Tata Coffee which is primarily the extractions will be merged into TCPL. Now while these are two steps they will be done almost simultaneously and therefore the minority shareholders of Tata Coffee will receive a swap for the Tata Consumer Products share. The TCL shareholders on record would get an aggregate three equity shares of TCPL for every 10 equity shares of ~~Tata Consumer Products~~ (correction – Tata Coffee Ltd.). As a result of this we have very clear shareholding of TCPL and TCPL would have a 100% subsidiary a wholly owned subsidiary which holds the plantation entity. This is beneficial for both sets of shareholders. For the Tata Coffee shareholders you get a broader play in terms of participating in a larger branded consumer product company with larger ambitions to become a full-fledged FMCG with multiple growth engines and strategic initiatives which drive a greater business outlook and of course a company which is part of the Nifty 50 and a larger market cap and therefore more widely held . For Tata Consumer shareholders there are synergies both recurring and one-time operational efficiencies in terms of management and administrative and this structure enables further simplification efforts and of course it creates greater focus because we have clear verticals of extraction and plantation and therefore dedicated and specialized management focus for the respective businesses.

The second announcement was for the purchase of minority interest in TCP UK from TEO. TEO owns 10.15% in TCP UK; with this swap TCPL would own 100% ownership in TCP UK , as a consideration TCPL will issue 7459935 equity shares which is 0.8% stake computed post dilution to TEO. This transaction is subject to the shareholders approval as well as other regulatory approvals as required. Just as a point the previous transaction also is subject to all regulatory approval, shareholders approval and the NCLT process.

As a result of purchasing the TEO stake in the TCP UK business we will have 100% ownership in all core businesses of the company which enables us for the next round of efficient reorganization of the international business and incidentally the share issuance is at the same valuation as of the other transaction contemplated under the scheme.

In terms of timeline now that the board has approved we will be filing it with stock exchanges, conducting a shareholders' ballot to consider approval for preferential issue. Post preferential issue, filing with the stock exchanges and receiving a no objection letter post which we will file (the scheme) with NCLT. We would then have the shareholders creditors meetings for approval of the scheme and the NCLT order and after that we will have the appointed and effective date of the scheme post which we will issue the TCPL shares to the Tata Coffee shareholders.

That is the broad outline of the scheme per se. Nidhi back to you.

- Nidhi Verma:** Sure thanks Sunil. So with that, I would request the moderator to start taking questions from the Q&A queue or perhaps if Jay wants to jump in. Over to you.
- Moderator:** Thank you very much. Ladies and gentlemen we will now begin the question and answer session. Our first question is from the line of Bharat Sheth from Quest Investment Advisors Private Limited. Please go ahead.
- Bharat Sheth:** Sunil is that just to understand there is a plantation business will remain separately in under the 100% subsidiary of TCPL .Is that correct or later that also we may plan to hive it off.
- Sunil D'Souza:** Essentially right now we are doing a demerger and merger scheme of Tata Coffee. Tata Coffee has two pieces of businesses- plantations and extractions. We have just formed a wholly owned 100% subsidiary of TCPL, which will house the plantations business of Tata Coffee. We aim to create a dedicated plantations vertical to build efficiencies into the entire plantation space per se, but overall between the international and this reorganization it also gives us clean ownerships which enables any further restructuring that we want to do at a later date.
- Bharat Sheth:** The purpose of asking this question is because what I understand if you correct and correct me that any company having a plantation business FII can not have, there is a limit on the FII holding. So will that affect us?
- LKrishnakumar:** No it is not going to matter at all. It only helps us to consolidate our plantation interest in an unlisted entity which is a wholly owned subsidiary and we are looking to overall improve efficiency of all the verticals that we have and your second part of the question on hiving off and all that there is no such plan at this stage. We are only focusing on simplifying and, building synergies for different parts of the business.
- Bharat Sheth:** Okay thank you and all the best.
- Moderator:** Thank you. Our next question is from the line of Jaykumar Doshi. Please go ahead.
- Jaykumar Doshi:** Hi! Thanks for the opportunity. Would it be possible for you to give us some color in terms of what are the synergies that you expect from this consolidation exercise and simplification both in India and internationally and if there is any tax benefit that you were not able to utilize earlier for the TCP and UK operations that you may now be able to do once it becomes a wholly owned subsidiary.

Sunil D'Souza: So effectively this entire exercise achieves the following objectives. Now number one it aligns the corporate structure with management and administrative structures, converges all the minority interests of subsidiaries into TCPL level and a single listed entity. It creates focused business verticals and unlocks potential synergies. The answer to your question is across the organizations like we have 45 legal entities which we are collapsing now hopefully to about a 23 to a 25 number that is number one and because of this cross holdings across we have issues on tax efficiencies, dividend repatriation and cash traps. So we will be releasing a lot of these pieces as we go forward, significant benefits will be in the places where we have got certain businesses which are taxpaying versus some which could have tax offsets there will be some efficiencies but overall the exercise is aimed to streamline and structure in terms of driving multiple pieces. In terms of actual numbers at the end of this our estimate is that we would be accretive on the EPS by 5% to 10%, so 5% to 10% incremental in PAT.

L. Krishnakumar

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Just to clarify there is an overall scheme of restructuring of which we have announced two steps today which is the Tata Coffee de-merger and merger and second is the buyout of minority interest and when the overall program of simplification also has further steps but these are to do with international and other parts of the organization for which both board and other approvals are still to be completed. But the benefit that Sunil talked of of 5% to 10% is what we expect to start realizing once all this process is complete and that could be anywhere starting between 12 to 24 months. The approval of NCLT takes time while some activities we will start in parallel, but this is where we expect to end. And just to recap in terms of benefits the areas we could get benefits are say revenue synergy for example in extraction we currently have tea and coffee extraction managed separately and some of the customers are common so we could look to see how we build a larger more synergetic extraction business. We are also looking at efficiency in plantations. As we combine international businesses we will get some operating efficiencies as well in addition to because of the business reorg overall beyond the removal of minority interest that the subsidiary is a 100% owned then it makes it easier and lower cost to make subsequent reduction in legal entities and simplify the international structure so we will get operating savings and also some continued tax benefits. So it is a combination of all this and this is the first step and we expect to complete the other steps over time.

Jaykumar Doshi: Thank you that was detailed. Follow-up question is could you explain us the valuation for acquisition of 10.11% minority stake of the international business and how you valued it and the rationale.

- Sunil D'Souza:** The valuation has been done by professional valuers who have also done the swap ratio and whatever numbers are implicit in the sum of parts valuation for the respective parts of international has been applied and the same valuation for TCPL shares have been considered in arriving at the swap ratio and my understanding is the valuers use a combination of DCF, comparable multiples and other methods that they think appropriate and they have considered relevant transaction multiple, comparable trading multiples as well as DCF
- Jaykumar Doshi:** Understood so if I back calculate today's price and 74.5 lakhs shares that you will be issuing it comes to about 5500 Crores. So is there any cash in those entities or it is entirely...
- L. Krishnakumar:** That will reflect to the valuers, they have considered the latest financials and everything that is in the entity. So there is cash in the entity is that it is a usual valuation so if there is cash that will be added to the DCF valuation
- Jaykumar Doshi:** Sure thank you so much that is it from my side.
- Moderator:** Thank you. Our next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.
- Sumant Kumar:** A few clarification when we acquired Tetley the acquisition cost was \$450m and when we calculate that this is coming around say 3300 Crores, 3400 Crores but today's price we are valuing this company 5600 Crores. So what had changed over the years for the higher valuation of Tetley.
- L. Krishnakumar:** I do not understand the question. So you should, the business is changed right.
- Sumant Kumar:** Yes, when we acquired Tetley, that we acquired Tetley at say \$450 million.
- L. Krishnakumar**
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- No please be clear the business is obviously undergoing a lot of change.
- Sumant Kumar:** Yes, so since 2000 when we acquire Tetley the valuation was we have given \$450 million dollars and today at the 5600 Crores around we are paying \$750m. So why is the valuation is high from what we have acquired this asset I do not think the overall operating performance of the company has increased over the year.

Sunil D'Souza: So let me come in, so two things number one is this is the valuation done by valuers like LK explained logical calculation and they have come out as a result of that that is number one. Number two TCP UK is not only Tetley there is a multitude of other businesses which are there as part of that unit.

L. Krishnakumar

: So, I think you cannot do a detailed reconciliation but like Sunil said there have been new brands added Teapigs is a good example of a brand which was not existing at that time. We also had the Gllaceau acquisition and we know we made money there. So that has changed the profile of the business. So there are quite a few things which have changed and we got very strong market share in some geographies though UK has been a bit of a challenge as we have been saying but there are new opportunities and new markets that we are getting it and overall share of what the new brands are doing. So I mean I am leaving it to the valuers to comment, but in a broad sense there have been quite a few changes.

Sumant Kumar: And this Tata Coffee is listed entity now with the demerger and merger with the Tata Global. So this tea plantation business will be listed only or it will be delisted.

Sunil D'Souza: It will be de-listed [clarification unlisted] it will be held in a 100% wholly owned subsidiary of Tata Consumer Products.

Sumant Kumar: And the Tata Coffee will be delisted.

L.Krishnakumar

: Yes, because there is to exist over time because the plantation business will go to an unlisted subsidiary and the residual business will become part of TCPL.

Sumant Kumar: And it will be listed entity only.

Sunil D'Souza: Sorry.

Sumant Kumar: The Tata Coffee residual part will be a listed entity or it will be...

Sunil D'Souza: Tata Coffee's residual entity will be merged with Tata Consumer Products. For the two transactions TCPL will swap 10 shares of Tata Coffee for three shares of Tata Consumer Products effectively thereby cleaning up the listed part of Tata Coffee completely.

Sumant Kumar: Okay thank you so much and the overall whatever the financials is not likely to change significantly only we have a synergy benefit of 5% to 10% and there will be no minority interest.

L. Krishnakumar

: Yes, in the longer term we feel that this will create value because growth prospects for some categories will be better.

Sumant Kumar: And our shareholding of the Tata Sons is going to decline from 34.68 to 33.8 correct with all the transactions.

L.Krishnakumar

: There will be a small dilution in group shareholding yes.

Sumant Kumar: Thank you so much.

Moderator: Thank you. The next question is from the line of Richard Liu from JM Financial. Please go ahead.

Richard Liu: Hi! Thank you for taking my question. Just want to check, can you help me understand what percentage of the international tea business of TCPL is actually housed in this entity for which we are buying the minority stake.

L.Krishnakumar

: That I am just trying to understand where and what this is going to lead because I do not want to put an arbitrary percentage but substantially all of the international tea business is what I would say.

Richard Liu: So essentially the whole international business that TCPL has that almost that entire thing is housed in this entity for which we are buying this additional 10% stake.

L.Krishnakumar

: There is small element of ownership of the coffee business US coffee business as well, some portion I think but substantial part of the tea business is there in this entity.

- Richard Liu:** Got it thank you, and with regards to all the coffee plantation the estate etc., that you are now transferring to this wholly owned subsidiary is there a stamp duty implication for the transfer since I think even I guess there will be massive land holding involved right.
- Sunil D'Souza:** There will be one-time cost but the one-time benefits will more or less negate the one-time cost that is the way we look at it.
- Richard Liu:** and I remember so for example the QSR part of the business we had got we had taken it out of out of TCP residing that, that it is not really consumer product etc. So is there really a compelling logic for you to bring the plantation business into TCP and could not that part have gone somewhere else. I mean I am not sure if there is anything else to house it but why would we want this plantation piece into TCPL even though it is 100% subsidiary.
- Sunil D'Souza:** So if I go to a Tata Coffee shareholder and say I want to take out their extraction business and leave the plantations business there that does not work that is number one. Number two leaving the plantations there in terms of a listed entity does not work because a) market cap too small b) all the related listed entity, governance etc., that is the number two, number three remember ultimately we were consolidating in one form or the other the entire business of Tata Coffee into the TCPL financials so from that perspective there is no difference. All that we are doing is now we are creating a dedicated set of verticals where businesses like extractions which were done by two separate companies come together so we drive top line synergies with consumers as well as drive back-end synergies and efficiencies and for the plantations vertical we will drive efficiencies etc. Again like the structures that we have created enable us for any other decisions that we might want to take in the future, but as of now the plantations stay in the 100% wholly owned subsidiary firmly in TCPL.
- Richard Liu:** And EOC becomes 100% owned by TCPL now.
- Sunil D'Souza:** That is correct.
- Richard Liu:** The last bit just to help me verify my calculation. The expanded share count for TCPL after both these transactions get done it will be what I mean is it going to be somewhere around 953 million versus 922 million right now would that be a rough proper calculation.
- Sunil D'Souza:** We will have to get back I will ask Nidhi to get back to you. It is a mathematical calculation but fortunately, unfortunately we have not done those numbers, right and we have not got to that level of benefits.
- Richard Liu:** Got it Sunil. Thank you very much, wish you all the best.

- Moderator:** Thank you. Next question is from the line of Sameer Gupta from IIFL. Please go ahead.
- Sameer Gupta:** Hi! Sir and thanks for taking my question. I have two. So first of all Eight O'Clock you have mentioned that the minority stake you will be buying from this transaction but I am unable to understand so can you clarify how that transaction is working because I think you had 79% consolidated stake in that entity.
- L.Krishnakumar**
- :** There is Eight O'Clock is partly owned by Tata Coffee and party owned by TCPL, you are aware of that.
- Sameer Gupta:** Yes.
- L.Krishnakumar**
- :** Now in the Tata Coffee, TCPL owns 57%, 58% so balance I am driving it up to 60%, say 40% is held by other shareholders.
- Sameer Gupta:** Yes.
- L.Krishnakumar**
- :** So that 40% so once these other shareholders so that 40% of 50% is a 20% which is outside interest today when you talked of 79%. So when we give them shares of TCPL then it becomes 100% owned and the entire minority stake is only in the TCPL ownership so that is how it will work broadly.
- Sameer Gupta:** I will probably take this offline. Second question Sir is that this 10% preference share is to Tata Enterprise Overseas which is a promoter entity only right at the end of the day.
- L.Krishnakumar**
- For Tata Enterprise Overseas that is an associate of a further subsidiary of the group,(audio not clear) but it is not in the promoter group and the majority ownership is with a public charitable trust and it is for the larger benefit. So it is not controlled by individuals for anything.
- Sameer Gupta:** Got it sir, I will probably get back with Nidhi maybe on the Eight O'Clock question. I am not able to still understand that.
- Nidhi Verma:** Sure I will take it offline with you Sameer. Thanks.

- Sameer Gupta:** Thanks that is all from me. Thanks.
- Moderator:** Thank you. Our next question is from the line of Alok from Ambit Capital. Please go ahead.
- Alok:** Hi! Sunil and team. Thank you for taking my question. Essentially my question was also on Eight O'Clock bit maybe you have either somehow clarified that I had understood. So Eight O'Clock was 49% owned by Tata Consumer and 51% was owned by Tata coffee but if you are essentially merging Tata Coffee into Tata Consumer then by default you will be issuing shares. So there is no other transaction specifically that is happening in industry only by virtue of this transaction to the 43% shareholders you will have to issue shares of Tata Consumers well is that the correct understanding.
- L.Krishnakumar**
- :** Correct there is no transaction, from an accounting sense what we do is after we have group net profit we remove the share of minority interest that number will change.
- Alok:** Got it and second question was as we look at the segmental reporting of Tata Coffee be it in terms of how they give it and I am sorry I am just seeing that segmental reporting plantation and value added. So basically extraction and branded falls into the value-added piece so if you want to now analyze in terms of margins etc. how it will look post-merger this is how we need to sort of look at or is there any other adjustment that you would need to do.
- Sunil D'Souza:** Yes, broadly the extraction business is part of value-added but we are yet to work through the exact segmental reporting and what we will do because ultimately remember we still got the entire NCLT process etc. to go through before we get to that reporting stage right.
- L.Krishnakumar**
- :** Yes, for the present it will continue till the scheme is effective after approvals of it.
- Alok:** No, I also understand that it will take about 12, 15 months but for us to kind of gauge the impact is what I was trying to come to okay that is it. Thank you very much for this.
- Moderator:** Thank you. Our next question is from the line of Trilok from Aditya Birla Sun Life Insurance. Please go ahead.
- Trilok:** I just wanted to check with respect to the benefits for the Tata Consumer shareholder you mentioned between 5% to 10% could you just help us understand will it be driven by largely the efficiencies or it is more of an administration cost that will be kind of leading to that kind of efficiency for you because that is quite a large number for the consolidation.

- Sunil D'Souza:** So it is driven by a mix of factors which includes tax efficiencies, which includes dividend and withholding tax benefits as well as management and operational cost synergies which we will derive and revenue. So apart from the top line revenues like I mentioned in terms of the extraction business combining the tea and coffee. Yes, it is a large number and that is precisely the reason why we are driving for this and going through the whole process of NCLT shareholder approvals etc., because we do believe there's substantial money on the table.
- Trilok:** And of this, is that fair to assume that the taxation related benefit will be largest of all this from the overall number of variables that are highlighted.
- L.Krishnakumar:** We are not commenting, we have lot of steps to complete I think there is the opportunity in all these areas some of it and we need to do more detailed work. So this is an initial estimate so I would not say one is larger than the other. It is driven by overall business rationale of bringing businesses together, simplifying and the simplification will give us both business benefits and some taxes.
- Trilok:** And the second question is with respect to the addition in the TCP UK is there a precursor in context of planning to make it 100% and think about future plans in that business or is it just simplification of the overall structure.
- Sunil D'Souza:** Like right now it is a simplify, synergize, scale and get to a very simple structure which is efficient, release management , bandwidth, derive synergies plough back into the business for growth, that is exactly what is being driven for.
- Trilok:** Okay understood thank you very much.
- Moderator:** Thank you. Our next question is from the line of Amit Purohit from Elara Capital. Please go ahead.
- Amit Purohit:** Yes Sir my questions are answered, some queries I will take it up with Nidhi. Thank you.
- Moderator:** Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.
- Tejas Shah:** Hi! Thanks for the opportunity. My question is to Sunil. Sunil since you took charge of the company and you have always maintained consistently in fact that M&A in any form you will see from two lenses which is one is strategic and another is financial. Now strategically explained here but financial when you see one core part of our narrative for last one and a

half year has been that it has to be around capital efficiency part so we have always defended our past capital efficiency track record on the ground that incrementally it will actually improve so if you can give some understanding on how it will actually lead us in this direction this transaction.

Sunil D'Souza: So on this one actually there is no change in overall capital deployed from the company. I mean there is nothing that we are doing, in fact if anything we are extracting synergies out of this entire structure both revenue as well as cost so in those terms efficiency goes up but there is no additional deployment. It is a simplify, synergize to derive better efficiency out of the capital that is already there in the business.

Tejas Shah: But it does change nature of the business more in terms of commoditized or B2B in some form versus B2C that we are chasing aggressively for last one year.

Sunil D'Souza: So that is one way of looking at it, the other way of looking at it is we are already consolidating Tata Coffee into our financials any which way so we are already exposed to if you call it commoditization, we are already consolidating it and exposed to it in a form. All that we are doing is we are making it much more efficient that is number one. Number two on the extraction business we do believe that it is not only commodities there is more to the game. If you look at across the globe there is more consolidation happening in terms of players offering a broader portfolio across tea, coffee, botanicals the whole extractions play. We do believe by putting these two businesses together we will be able to build a much stronger business that is number one. Number two in terms of margins it is significantly more attractive than some of the other commodity plays that you are referring to.

Tejas Shah: Sure. Thanks and all the best I will take some of the questions off line. Thank you.

Moderator: Thank you. We have the next question from the line of Alok from Ambit Capital. Please go ahead.

Alok: Hi! Thanks for giving me the opportunity for the follow-up question. My first question was the name of the new company that we have made is TCPL Beverages and Foods Limited. Now essentially at this point in time the business that is there is plantation. Do we probably have a game plan that continue the fact that you use beverages and foods more do we need to think more into that, that at some point in time you may look at the back end for your compounded into this or that is maybe thinking too much at this point in time.

L.Krishnakumar: If you read the scheme document which will be available soon it will be clear. It is just a company that we had which we are using. Over time we will have plans to revert the name back to either Tata Coffee or some other name that we decided so that is what I want to say.

Alok: Sure I have not got a chance to look at it. My second and final question is when we talk about the valuation for the UK transaction deals, I think to one of the previous participants you answered that there were certain valuation methods was used etc. Then the valuer also values at that point in time the value of Tata Consumer or it is basis say last two weeks, six months average etc. So the 765 price how does it valuer get that it was the question.

L.Krishnakumar

: That is also they have their own methods of all the methods I said is equally applicable they value both and they arrive at the recommended swap ratio to the board and then so there is valuation and there is a fairness opinion which has been provided by Kotak and ICICI respectively. So there are two valuers involved in PWC and SSA and a fairness opinion for the swap ratio for respective companies has come from Kotak and ICICI.

Alok: Okay got it. Thank you very much.

Moderator: Thank you. The next question is a follow-up question from the line of Jaykumar Doshi. Please go ahead.

Jaykumar Doshi: Hi! Thanks for the follow-up opportunity. My question is that you talked about simplification from 45 entities legal entities to 22, 23 now post this restructuring exercise. Is there room for you to simplify the structure further or you think after this exercise you will be done with, you will have the most optimal structure.

Sunil D'Souza: So effectively with the two items that we have announced today which is effectively the pref.issue and buyback of the TEO stake and swapping it into TCPL number one. Number two is Tata Coffee demerger, merger scheme and getting into one legal entity this is step one and two in the whole game plan to simplify the structures. Like LK said after this there is a series of steps to be taken over the next 12 to 24 months post which we will come to the 22, 23 sort of number in terms of entities and the reason why we are not fixed on 22, 23 because there are various options to consider as we go forward and choices to make where we will finally land up but that said after that there is further scope for simplification beyond that. This is as of now what we are able to structure and execute is the 22, 23 number but the thrust will be to continue to look for options to keep looking at efficiencies keep looking at bringing the number of legal entities down as long as there are tangible

benefits on the table in terms of either management bandwidth or cost efficiencies or some other efficiencies to be released.

Jaykumar Doshi: Perfect thank you and one follow-up for LKK so did I hear it 5% to 10% accretion at PAT level or is it EPS level because there is some dilution as well so...

L.Krishnakumar

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It does not matter if the dilution is marginal something but we were really talking about the PAT level, the dilution is marginal not going to be significant it will still remain within that band I think would not make it really change, but we were talking about PAT.

Jaykumar Doshi: Understood thank you so much.

Moderator: Thank you. We have follow-up question from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: Just a clarification we have seen the total number of share 922 million share and when we considering a 10 share of Tata Coffee, they are getting a three share of TCPL so that is coming around 56 millions here and you are issuing to Tata Sons 7 millions share. So total number of share is coming around 985 and the dilution is a 7% when you are talking about the PAT level synergy and all is a 5% to 10%.

L.Krishnakumar

:

I will take it offline, I do not think your numbers are correct if you can take it offline please, give your calculation to Nidhi and we will look at it and comment.

Sumant Kumar: Thank you so much.

Moderator: Thank you. We have our next question from the line of Chanchal Khandelwal from Aditya Birla Capital. Please go ahead.

Chanchal Khandelwal: Thanks for this opportunity. Sunil just wanted to I do not know whether you will be able to take this question in this forum but since the structure has been simplified wanted to pick your brains on the international business, I mean you have Eight O'Clock and Tetley both now, well if you want to divest the structural scheme any thoughts on how and because the focus of the company should remain on the India business any thoughts which you can help us understand how will you consider it or what is the thought process of international and international business.

- Sunil D'Souza:** We have always maintained saying that the international business is a decent size, profitable cash generating and value creating business. If anything as a result of this business we make it much more efficient and much more profitable per se. The board from time-to-time continuously looks at different options available and make strategic choices as of now we will continue to look at focusing on the international business, driving for growth, increasing market share especially in tea, jump shifting our trajectory on market share on coffee in the US and yes there is money on the table which we are taking off. We will continue to look at simplification and continue to look at all strategic options when we go forward.
- Chanchal Khandelwal:** So that is clear, the only reason I am asking this again is that Unilever globally selling the tea business and the tea business is a lower growth business from a global perspective and given where India structure is the capital allocation and the time allocation would be much more better here is my point.
- Sunil D'Souza:** Every company has different perspectives and different criteria for decision making. There are companies globally which have sold the India business and got out and there are vice versa as well so I would not comment on that for now for now I would just say we are simplifying, synergizing and helping scale the international business and make it more profitable.
- Chanchal Khandelwal:** Sure Sunil I will leave it at that, thanks and wish you all the best.
- Moderator:** Thank you. That was the last question for today. I now hand it over to Ms. Nidhi Verma for closing comments. Over to you madam.
- Nidhi Verma:** Thanks. So thanks everyone, I recognize that we gave you a very short notice and there was a lot to digest. So request you all to go through the presentation and materials that we have shared and I hope we were able to answer some of your questions. For any follow-up questions please feel free to get in touch with me and we will try to answer it. Thank you so much again for spending time so late in the night. Thanks.
- Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Kotak Institutional Equities that concludes this conference. Thank you all for joining us and you may now disconnect your lines.