

March 29, 2022

To,

The Board of Directors,
Tata Coffee Limited
No.57 Railway Parallel Road,
Kumara Park West, Bangalore 560020
Karnataka
India

Sub: Fairness Opinion for fair equity share entitlement / exchange ratios

We understand that the management of Tata Coffee Limited (hereinafter referred to as the “Company” or “TCL”) and Tata Consumer Products Limited (hereinafter referred to as “TCPL”) are currently evaluating the following, pursuant to a Scheme of Arrangement under the provisions of Section 230 to 232 of the Companies Act, 2013 (including any statutory modifications, enactments, re-enactment or amendments thereof) and other applicable securities and capital market laws and rules issued thereunder to the extent applicable (“the Proposed Scheme”):

- a. demerger of the Plantation business of TCL into TCPL Beverages & Foods Limited (hereinafter referred to as “TBFL”), a wholly owned subsidiary of TCPL (“Transaction 1” or “Demerger); and
- b. amalgamation of TCL (which would include Non-Plantation business or Residual business excluding the Plantation business proposed to be demerged) (hereinafter referred to as ‘Residual TCL’) into TCPL (“Transaction 2” or “Amalgamation”).

TCPL, incorporated in 1962, along with its subsidiaries, associates and joint ventures is engaged in the business of trading, production and distribution of consumer products mainly tea, coffee, water and RTD beverages collectively termed as ‘branded beverage business’; and salt, pulses, spices, snacks, breakfast cereals, etc. collectively termed as ‘branded foods business’. TCPL has branded business mainly in India, Europe, US, Canada and Australia. The equity shares of TCPL are listed on Bombay Stock Exchange Limited (“BSE”), National Stock Exchange of India Limited (“NSE”) and Calcutta Stock Exchange (“CSE”).

Founded in 1922, TCL is one of the largest integrated coffee cultivation and processing companies in the world and the largest corporate producer of Indian origin pepper. TCL



owns and manages estates located across Southern India and sells Indian origin green coffee beans, instant coffee, tea and pepper to India, USA, China, Middle East, Western Europe, Australia, Russia & West Africa. TCL also has two Instant Coffee factories in India and an Instant Coffee factory in Vietnam held through its wholly owned subsidiary. TCL also has a majority stake in a branded coffee business in USA. TCL is a subsidiary of TCPL; 57.48% equity stake in TCL is held by TCPL. Equity shares of TCL are also listed on the BSE and NSE.

TCL owns 18 coffee estates, 6 tea estates and 1 combined coffee and tea estate, along with certain allied businesses (together referred to as the “Plantation Business”). The remaining business (non-Plantation Business) in TCL is hereafter referred to as the “Residual TCL”.

In connection with the above, the Board of Directors of TCPL, TCL and TBFL have appointed PwC Business Consulting Services LLP. (hereinafter referred to as “PwC”) and SSPA and Co. Chartered Accountants (referred as or “SSPA”) as valuers to prepare a joint valuation report to determine the fair equity share entitlement / exchange ratios:

- a. for the Demerger, based on the valuations of the Plantation business and TCPL (“Entitlement Ratio”); and
- b. for the Amalgamation, based on the valuations of the Residual TCL and TCPL (“Exchange Ratio”)

as on 29 March, 2022 (the “Valuation Report”).

PwC and SSPA have been hereafter jointly referred to as “Valuers” and individually referred to as “Valuer”.

In this connection, the Board of Directors of TCL has appointed ICICI Securities Limited, vide Engagement Letter dated 11th March, 2022, to render its professional services by way of a fairness opinion as to whether the Entitlement Ratio and the Exchange Ratio for the Proposed Scheme, as recommended by the Valuers in their report dated 29th March, 2022, is fair and reasonable (“Fairness Opinion” or “Opinion”).

This report is intended only for the sole use and information of Company, and only in connection with the Proposed Scheme. We are not responsible in any way to any other person / party for any decision of such person or party based on this report. Any person / party intending to provide finance / invest in the shares / business of any of the Companies or their subsidiaries/joint ventures/associates shall do so after seeking their



own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the Proposed Scheme as aforesaid can be done only with our prior permission in writing. Notwithstanding any of the foregoing, we acknowledge and agree that Company may, at its sole discretion, disclose this report to its shareholders.

We understand that the Valuers has concluded under the Valuation Report that the Fair Equity Share Entitlement Ratio for **demerger of Plantation business into TFBL** as per the Proposed Scheme as on 29th March 2022 shall be:

As Derived by PwC

Valuation Approach	TCPL		Plantation Business	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach - DCF Method	781.18	60%	36.15	60%
Market Approach - Market Price Method - CCM Method	754.26 720.67	24% 16%	- 32.58	- 40%
Relative Value per Share	765.04		34.72	
Fair Equity Share Entitlement Ratio (rounded-off)	1:22			

NA = Not Applied / Not Applicable

As Derived by SSPA

Valuation Approach	TCPL		Plantation Business	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach - DCF Method	804.25	50%	34.35	50%
Market Approach - Market Price Method - CCM Method	726.06 -	50% -	- 35.30	- 50%



Relative Value per Share	765.16		34.83	
Fair Equity Share Entitlement Ratio (rounded-off)	1:22			

NA = Not Applied / Not Applicable

In light of the above, the fair equity share entitlement ratio for the demerger of Plantation business into TFBL jointly recommended by the Valuers is **1 equity share of TCPL (of INR 1/- each fully paid up) for every 22 equity shares of TCL (of INR 1/- each fully paid up).**

We also understand that the Valuers has concluded under the Valuation Report that the Fair Equity Share Exchange Ratio for **amalgamation of Residual TCL with TCPL** as per the Proposed Scheme as on 29th March 2022 shall be:

As Derived by PwC

Valuation Approach	TCPL		Residual TCL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach - DCF Method	781.18	60%	203.15	60%
Market Approach - Market Price Method	754.26	24%	-	-
- CCM Method	720.67	16%	183.18	40%
Relative Value per Share	765.04		195.16	
Fair Equity Share Exchange Ratio (rounded off)	14:55			

NA = Not Applied / Not Applicable

As Derived by SSPA

Valuation Approach	TCPL		Residual TCL	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach - DCF Method	804.25	50%	194.44	50%
Market Approach - Market Price Method	726.06	50%	-	-
- CCM Method	-	-	196.12	50%



Relative Value per Share	765.16		195.28	
Fair Equity Share Exchange Ratio (rounded off)	14:55			

NA = Not Applied / Not Applicable

In light of the above, the fair equity share exchange ratio for the amalgamation of Residual TCL into TCPL, as jointly recommended by the Valuers is **14 equity shares of TCPL (of INR 1/- each fully paid up) for every 55 equity shares of TCL (of INR 1/- each fully paid up)**.

In reaching our Opinion, we have, among other things:

- (a) Reviewed and analyzed the Standalone and Consolidated audited financial statements of TCPL for the fiscal years ending 31 March 2019, 2020 and 2021;
- (b) Reviewed and analyzed the Standalone and Consolidated limited reviewed financial statements of TCPL for the 9-month period ended 31 Dec 2021 (“YTD Dec-21”);
- (c) Reviewed and analyzed the financial statements of the Plantation business and Residual TCL for the fiscal years ending 31 March 2019, 2020, 2021 which were carved out from the audited financial statements for the respective years;
- (d) Reviewed and analyzed the financial statements of the Plantation business and Residual TCL for YTD Dec-21 which were carved out from the limited reviewed financial statements for the period;
- (e) Reviewed and analyzed the Estimated financials for 3 months ending 31 March 2022 and management estimates for the 3 fiscal years ending 31 March 2023, 2024, 2025;
- (f) Held discussions with the management of TCPL and TCL on the business and operations, historical performance, rationale and assumptions considered in preparing the future projections, macro-economic parameters and other relevant key value drivers in relation to the TCPL, and the Plantation business and Residual TCL;
- (g) Discussed with the senior management of TCPL and TCL, the financial and operational consequences of the Proposed Scheme
- (h) Discussed, reviewed and validated the valuation methods used and valuation and share swap ratio proposed by the Valuers
- (i) Considered information, discussions (including verbal) and documents as provided by Company as well as the Valuers for the purpose of this engagement;
- (j) Considered the Risk-free rate of return (used in the calculation of cost of equity) and the Equity Risk Premium of the market from Bloomberg;
- (k) Arrived at Beta from the analysis of the Comparable Companies; and



(l) Performed such other work we judged necessary to develop our valuation conclusions

Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our work does not constitute an audit, due diligence or certification of the historical financial statements in relation to the Company or TCPL including the working results of the Company or TCPL referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

Our analysis and results are specific to the purpose of the exercise of the provision of this report and its contents. It may not be valid for any other purpose or if provided on behalf of any other entity.

Our analysis and results are also specific to the date of this report and based on information provided to us up to 29th March, 2022. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In the course of the present exercise, we were provided with both written and verbal information, including financial data. The terms of our engagement were such that we were entitled to rely upon the information provided by the Company without detailed inquiry. With respect to the financial forecasts, we have assumed that they have been reasonably prepared based on the best currently available estimates and good faith judgments of the management as to the future financial performance. Also, we understand that the Company's management has not omitted any relevant and material factors for the purposes of the work which we have undertaken in connection with this report. Accordingly, we shall have no obligation to verify the accuracy or completeness of any such information or express any opinion or offer any form of assurance regarding the accuracy or completeness of such information and shall not assume any liability therefor. We assume no responsibility whatsoever for any errors in the above information furnished by the Company and their impact on the present exercise.

We express no opinion whatever and make no recommendation at all to Company underlying its decision to affect the Proposed Scheme. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of Company will trade following the announcement of the Proposed Scheme or as to the financial performance of Company or TCPL following the consummation of the Proposed Scheme.



No investigation of the Company's or TCPL's claim to title of assets has been made for the purpose of this exercise and the Company's and TCPL's claim to such rights has been assumed to be valid. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Our report is not and should not be construed as our opinion or certifying the compliance of the Proposed Scheme with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such Proposed Transaction.

We have not conducted or provided an analysis of due diligence or appraisal of the assets and liabilities of the Company or TCPL.

In the ordinary course of business, ICICI Securities Limited and its affiliates is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of ICICI Securities Limited may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Proposed Scheme.

In the circumstances, having regard to all relevant factors and on the basis of information and explanations given to us, we are of the opinion on the date hereof, that the

- a. the Fair Equity Share Entitlement Ratio for the demerger of Plantation business into TFBL, of 1 equity shares of TCPL (of INR 1/- each fully paid up) for every 22 equity shares of TCL (of INR 1/- each fully paid up), and**
- b. the Fair Equity Share Exchange Ratio for the amalgamation of Residual TCL into TCPL, of 14 equity shares of TCPL (of INR 1/- each fully paid up) for every 55 equity shares of TCL (of INR 1/- each fully paid up),**

as jointly recommended by the Valuers in the Valuation Report, is fair and reasonable.



Yours faithfully,
For ICICI Securities Limited,




Arnab Banerjee
Vice President
Investment Banking
ICICI Securities
Mumbai

Date: 29 March, 2022