

## Unlock synergies

Following the merger and formation of Tata Consumer Products Limited, we set out to integrate and synergise networks across distribution and supply chain, and drive savings through scale and harmonisation of processes.

This has resulted in significant benefits, better operating effectiveness, and enhanced consumer centricity.



### THE POWER OF COMING TOGETHER

The merger of Consumer Products Business of Tata Chemicals with Tata Global Beverages Ltd. was completed on February 7, 2020 and led to the creation of Tata Consumer Products Limited (Tata Consumer) with the goal of bringing together two complementary businesses. This transaction offered an opportunity to create a consumer company with enhanced scale and financial strength, best-in-class processes resulting in cost and revenue synergies across distribution, marketing, and supply chain.

#### MERGER AND FORMATION OF TATA CONSUMER PRODUCTS LIMITED

### TATA GLOBAL BEVERAGES



Tea



Coffee



Water and Other Beverages



### TATA CHEMICALS



Salt



Pulses and Besan



Spices and Ready-to-Cook

#### Rationale for merger

One Mission	Healthy, innovative, India-inspired
One Portfolio	Aligned category choices Consistent brand architecture Focused NPD efforts
One Organisation	Attract superior talent pool Stronger cash flows Lower G&A costs
One Distribution	Common distribution Common systems
One Supply Chain	Improved asset utilisation Lower logistics costs

#### Synergy/ Benefits


















Strategic
Revenue
Cost

**Dedicated Integration Management Office (IMO)**  
A dedicated Business Integration and Transformation team was created to spearhead the integration programme across people, systems and processes. In the first 100 days post conclusion of the merger, all critical decisions across S&D and supply chain integration, process harmonisation, synergy realisation and medium-term growth strategy were taken by the governing committee followed by swift implementation

of the agreed plan. Though there were several challenges to drive an integration of this magnitude and complexity in the midst of a global pandemic, dedicated change management and robust progress monitoring enabled a successful integration. The team continues to work on critical transformational initiatives in addition to ensuring successful integration of newly acquired businesses.

Unlock synergies

Integration milestones

Key focus area	Objective	Achievements
<div>People</div>	Create future-ready organisation structure with aligned JDs, KRAs and KPIs*	Rolled out an organisation structure to serve combined business across levels and functions within 3 months of integration
<div>Process</div>	Harmonise all operating process for reduced complexity and drive digitisation with best-in-class practices	<div><div>Harmonised <b>100+</b> process across all functions</div><div><ul style="list-style-type: none"><li><b>100%</b> digitisation for feet-on-street</li><li>Channel partner digitisation completed for 100% of direct distributors</li></ul></div></div>
<div>Financial Value</div>	<div>Design and build multi-category route-to-consumer</div>	<div><div><b>30% increase</b> in direct coverage</div><div><b>35%</b> increase in feet on street in urban <b>3x</b> in rural</div></div>
	<div>Optimise supply chain</div>	<div><b>1,500+</b> consolidated channel partners selling the combined F&amp;B portfolio</div>
		<div>Consolidated Carrying and Forwarding Agents (CFA) operations and primary and secondary logistics</div>
	<div>Increase revenues and reduce costs due to synergy and scale benefits</div>	<div>On track to deliver committed pre-tax synergies of Rs.100-150 Crores in 18-24 months</div>
<div>De-layering and optimisation of S&amp;D network</div>		<div>Superior terms of trade with channel partners</div>
		<div>Supply chain opportunities</div>
		<div>Scale efficiencies in marketing/packaging</div>

\*JD- Job description, KPI - Key performance indicator, KRA - Key result area

In less than a year, we have put in place a new organisational structure, adopted best-in-class systems and processes across functions, built stronger route-to-market and supply chain capabilities. We have also created a long-term growth plan and multiple initiatives are underway to realise the vision.

Transforming the sales and distribution value chain

We have set out to create an end-to-end digitally enabled integrated distribution system. Our efforts also include initiating multilingual technical training programmes to ensure convenient adoption and usage across channel partners and sales teams.

What are we looking to achieve?

- Connect distributors and field sales force seamlessly across the value chain
- Capture real-time data from channel partners and move towards an integrated interface for sales stakeholders
- Enable advanced analytics for data-driven decision-making
- Create an efficient and informed sales value chain

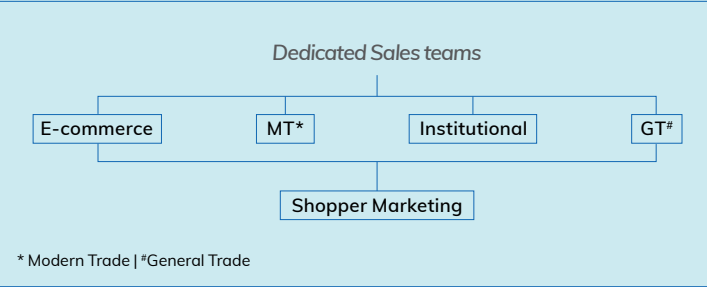
Progress highlights

- Over 6.5 lakh outlets billed directly +30% YoY
- For Tea category, our numeric distribution rate moved from 34.5% to 39.8% between March 2020 to March 2021
- 3x increase in rural feet on street
- Dedicated teams are in place to service institutional channels, Modern Trade (MT) and e-commerce

India integration update – S&D impact



All numbers are for FY 20-21 vs FY 19-20, unless specified otherwise. Source: Nielsen – Value share, MQ'21 vs MQ'20



ENABLING LOGISTICS SYNERGIES IN INDIA- INTEGRATING THE REGIONAL CFAs

The Foods and Beverages CFA network was studied in order to understand how the two networks could be brought together with minimal disruption. The CFA network was successfully integrated in April this year. This brought about a cost reduction in secondary freight and optimised the supply chain network for further synergies.

**41% ↓**  
Rationalisation in Carrying and Forwarding Agents (CFAs)

