S R B C & CO LLP Chartered Accountants 12th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai - 400 028, Maharashtra, India	**Bansi S. Mehta & Co.** Chartered Accountants Merchant Chambers, 3rd Floor, New Marine Lines, Opposite SNDT Women's University, Mumbai - 400 020, Maharashtra, India

Dated: 15 May 2019

To

The Audit Committee, **Tata Chemicals Limited** Bombay House, Homi Modi Street, Kala Ghoda, Fort, Mumbai - 400 023 Maharashtra, India	**The Audit Committee,** **Tata Global Beverages Limited** Bombay House, Homi Modi Street, Kala Ghoda, Fort, Mumbai - 400 023 Maharashtra, India

Sub: Recommendation of share entitlement ratio for the proposed demerger of Consumer products business of Tata Chemicals Limited into Tata Global Beverages Limited

Dear Sir / Madam,

We refer to our engagement letters whereby S R B C & CO LLP (hereinafter referred to as "SRBC") is appointed by Tata Chemicals Limited (hereinafter referred to as "TCL") and Bansi S. Mehta & Co. (hereinafter referred to as "BSMC") is appointed by Tata Global Beverages Limited (hereinafter referred to as "TGBL") for recommendation of share entitlement ratio of equity shares for the proposed demerger of consumer division of TCL (hereinafter referred to as "Consumer Products Business") into TGBL ("Proposed Demerger"). TCL and TGBL are hereinafter referred to as the "Companies" or "the Client". Consumer Products Business and TGBL are hereinafter referred to as the "Valuation Subjects".

SRBC and BSMC are hereinafter jointly referred to as "Valuers" or "we" or "us" and individually referred to as "Valuer" in this Report.

The share entitlement ratio for this report refers to number of equity shares of TGBL which would be issued to the equity shareholders of TCL (in addition to, not in exchange of) pursuant to the Proposed Demerger.

Our deliverable for this engagement would be a share entitlement ratio report ("Share Entitlement Ratio Report" or "Report").

SCOPE AND PURPOSE OF THIS REPORT

TCL was incorporated on 23 January 1939 and having its registered office at Bombay House, 24 Homi Mody Street, Fort, Mumbai 400001. TCL is engaged in diversified businesses dealing in basic chemistry products, specialty products and in the Consumer Products Business. Consumer Products Business is engaged in sourcing, packaging, marketing, distribution and sales of consumer salt, spices, protein foods and certain other food and other products. For the year ended 31 March 2019, TCL reported consolidated operating revenues of INR 112,963.3 mn and profit after tax of INR 13,868.5 mn.

TGBL was incorporated on 18 October, 1962 and having its registered office at 1, Bishop Lefroy Road, Kolkata 700020. TGBL, together with its subsidiaries, is engaged in the business of marketing, distribution and/ or sales of tea, coffee and water. TGBL has 50% stake in two joint ventures, namely

Tata Starbucks Private Limited and NourishCo Beverages Private Limited. For the year ended 31 March 2019, TGBL reported consolidated operating revenues of INR 72,515.0 mn and a profit after tax of INR 4,569.8 mn.

We understand that the management of the Companies (hereinafter referred to as "the Management") is contemplating the demerger of Consumer Products Business into TGBL under a Scheme of Arrangement under the provisions of Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013. As a consideration for this Proposed Demerger, equity shareholders of TCL would be issued equity shares of TGBL in lieu of the value per equity share of TCL attributable to the Consumer Products Business.

For the aforesaid purpose, the Board of Directors of TCL and TGBL have appointed SRBC and BSMC respectively, to recommend a share entitlement ratio, for the issue of TGBL's equity shares to the equity shareholders of TCL for the value attributable to the Consumer Products Business, to be placed before the Audit Committee/Board of Directors of TCL.

We understand that the appointed date for the demerger as per the draft scheme shall be 1 April 2019.

The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Valuation Subjects and report a share entitlement ratio for the Proposed Demerger in accordance with internationally accepted valuation standards / ICAI Valuation Standards 2018 issued by Institute of Chartered Accountants of India.

We have been provided with the carved-out financials of Consumer Products Business from the audited financials of TCL and audited financials of TGBL for year ended 31 March 2019 and earlier periods. Further, we have been provided with the business plan of the Valuation Subjects. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. Further, we have been informed that all material information impacting the Valuation Subjects have been disclosed to us.

We have been informed that till the Proposed Demerger becomes effective:

(a) Neither Companies would declare any substantial dividends having materially different yields as compared to past few years.

(b) There are no unusual/abnormal events in the Companies since the last audited accounts till the Report date materially impacting their operating/financial performance.

We have been informed that, in the event that either of the company restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Demerger becomes effective, the issue of shares pursuant to the share entitlement ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

We have relied on the above while arriving at the share entitlement ratio for the Proposed Demerger.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts.

SRBC & CO LLP MUMBAI CHARTERED ACCOUNTANTS

BANSI S. MEHTA & CO. MUMBAI CHARTERED ACCOUNTANTS

SOURCES OF INFORMATION

In connection with this exercise, we have received/obtained the following information about the Valuation Subjects:

1. For Consumer Products Business of Tata Chemicals Limited
   - Financial statements (upto EBIT level) of salt business, spices business and pulses business of TCL carved-out from audited financial statement of TCL for the year ended 31 March 2017 to 31 March 2019
   - Business plan of Consumer Products Business
   - Proposed arm's length pricing between TCL and TGBL for supply of salt
   - Details of contingent liabilities as of 31 March 2019
   - Other relevant information
   - Answers to specific questions and issues raised by us after examining the foregoing data.

2. For Tata Global Beverages Limited
   - Standalone and consolidated audited financial statements for year ended 31 March 2019
   - Annual report for years ended 31 March 2014 to 31 March 2018
   - Business plan of TGBL
   - Details of contingent liabilities as of 31 March 2019
   - Other relevant information
   - Answers to specific questions and issues raised by us after examining the foregoing data.

During the discussions with the management of Valuation Subjects, we have also obtained explanations and information considered reasonably necessary for our exercise. The Client has been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information
- Used data available in public domain
- Discussions (physical/over call) with the Management to:
  - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Undertook Industry Analysis:
  - Research publicly available market data including economic factors and industry trends that may impact the valuation
  - Analysis of key trends and valuation multiples of comparable companies/comparable transactions using: Proprietary databases subscribed by us or our network firms
- Selection of internationally accepted valuation methodology/(ies) as considered appropriate by us.

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BANSI S. MEHTA & CO. * MUMBAI * CHARTERED ACCOUNTANTS

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The recommendation contained herein is not intended to represent value at any time other than report date. We have no obligation to update this report.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Report Date; (iii) are based on the carved-out financials (upto EBIT level) of Consumer Products Business from the audited financials of TCL; (iv) audited consolidated financials of TGBL for year ended 31 March 2019 and earlier period and (v) business plan of Valuation Subjects. We have been informed that the business activities of the Valuation Subjects have been carried out in the normal and ordinary course between 31 March 2019 and the Report date and that no material changes have occurred in their respective operations and financial position between 31 March 2019 and the Report date.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation rendered in this Report only represent our recommendation based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

The determination of share entitlement ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into accounts all the relevant factors. There is, therefore, no indisputable single share entitlement ratio. While we have provided our recommendation of the share entitlement ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the share entitlement ratio. The final responsibility for the determination of the share entitlement ratio at which the Proposed Demerger shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Demerger and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data as detailed in the section - Sources of Information.

We have not independently audited or otherwise verified the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Client, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Valuation Subjects and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by/on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Companies will be managed in a competent and responsible manner. Further, this Report has given no consideration to matters of a legal nature, including issues

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B S. MEHTA & CO. MUMBAI CHARTERED ACCOUNTANTS of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited/unaudited balance sheet of the Companies. Our conclusion of value assumes that the assets and liabilities of the Valuation Subjects, reflected in their respective latest balance sheets remain intact as of the Report date.

The financial forecasts used in the preparation of the Report reflects judgment of respective management of Companies, based on present circumstances prevailing around the Valuation Date, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always may differ from the forecasts and as such differences may be material.

The report does not address the relative merits of the Proposed Demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Arrangement, without our prior written consent. In addition, this report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the Proposed Demerger and we express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Demerger.

SHAREHOLDING PATTERN

Tata Chemicals Limited

The issued and subscribed equity share capital of TCL as at 31 March 2019 is INR 2,547.6 million consisting of 254,756,278 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Shareholding Pattern as on 31 March 2019	No of Shares	% Shareholding
Promoter & Group	78,027,943	30.6%
Public - Institutions	122,214,300	48.0%
Public – Non-Institutions	54,514,035	21.4%
Grand Total	**254,756,278**	**100.0%**

Source: BSE

Tata Global Beverages Limited

The issued and subscribed equity share capital of TGBL as at 31 March 2019 is INR 631.1 million consisting of 631,129,729 equity shares of face value of INR 1 each. The shareholding pattern is as follows:

Shareholding Pattern as on 31 March 2019	No of Shares	% Shareholding
Promoter & Group	217,445,190	34.5%
Public - Institutions	246,397,230	39.0%
Public – Non-Institutions	167,264,416	26.5%
Non-Promoter – Non-Public	22,893	0.0%
Grand Total	**631,129,729**	**100.0%**

Source: BSE

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APPROACH FOR RECOMMENDATION OF SHARE ENTITLEMENT RATIO

The Proposed Scheme of Arrangement contemplates the demerger of Consumer Products Business into TGBL. Arriving at the share entitlement ratio for the Proposed Demerger of Consumer Products Business into TGBL would require determining the relative value of the Consumer Product Business (on per equity share of TCL) and the value of the equity shares of TGBL. These values are to be determined independently, but on a relative basis for the Valuation Subjects, without considering the effect of the Proposed Demerger.

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Valuations Subjects, and other factors.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for mergers / demergers of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The Valuation Approach adopted by SRBC and BSMC is given in Annexure 1A and 1B respectively (Annexure 1A and 1B together referred to as Annexures).

BASIS OF SHARE ENTITLEMENT RATIO

The basis of the demerger of Consumer Products Business of TCL into TGBL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the above methods, for the purposes of recommending the share entitlement ratio of equity shares it is necessary to arrive at a final value for each Valuation Subject. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Valuation Subjects, but at their relative values to facilitate the determination of the share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.

The share entitlement ratio has been arrived at on the basis of a relative equity valuation of Valuation Subjects based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Valuation Subjects, having regard to information base, key underlying assumptions and limitations.

We have independently applied methods discussed in the Annexures, as considered appropriate, and arrived at the value per share of the Companies. To arrive at the consensus on the share entitlement ratio for the Proposed Demerger, suitable minor adjustments / rounding off have been done.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following share entitlement ratio for the Proposed Demerge of Consumer Products Business into TGBL:

114 (One hundred and fourteen) equity shares of TGBL of INR 1/- each fully paid up for every 100 (One hundred) equity shares of TCL of INR 10/- each fully paid up.

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It should be noted that we have not examined any other matter including economic rationale for the Proposed Transaction per se or accounting, legal or tax matters involved in the Proposed Transaction.

Respectfully submitted, **S R B C & CO LLP** Chartered Accountants ICAI Firm Registration Number: 324982E/ E300003 **per Ravi Bansal** Partner Membership No: 049365 Place: Mumbai Date: 15 May 2019	Respectfully submitted, **Bansi S. Mehta & Co.** Chartered Accountants ICAI Firm Registration Number: 100991W **per Drushti R. Desai** Partner Membership No: 102062 Place: Mumbai Date: 15 May 2019

ANNEXURE 1A - APPROACH – BASIS OF DEMERGER - SRBC

There are several commonly used and accepted methods under the market, income and asset approaches for determining the share entitlement ratio for the Proposed Demerger of Consumer Products Business into TGBL, which have been considered in the present case, to the extent relevant and applicable, and subject to availability of information, including:

1. Market Price method
2. Comparable Companies' Multiples method
3. Discounted Cash Flow method
4. Net Asset Value method

Net Asset Value ("NAV") Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A scheme of amalgamation / arrangement would normally be proceeded with, on the assumption that the companies amalgamate as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values. In a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation / arrangement, with the values arrived at on the net asset basis being of limited relevance. Therefore, we have not used the NAV Method for valuation.

Discounted Cash Flows ("DCF") Method

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

We have used DCF method considering business plans of Consumer Products Business and TGBL provided to us for valuation. For TGBL, we have done a sum of parts ("SOTP") valuation for various material business segments and investments. For Consumer Products Business, we have done SOTP valuation for salt, pulses and spices business segments.

Comparable Companies' Multiples ("CCM") method

Under this method, value of equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers

S R B C & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Like in DCF we have done an SOTP analysis while considering the CCM method. We have considered Enterprise value to Earnings before interest, tax, depreciation and amortization (EV/EBITDA) multiple of the comparable listed companies/ comparable transactions for the purpose of our valuation except for businesses which are not at a normative level, we have used the EV/Revenue multiple.

The total equity value is then divided by the total number equity shares for arriving at the value per equity share under CCM method.

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the equity shares of TGBL are listed on BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE") and The Calcutta Stock Exchange Limited. In these circumstances, the share price observed on NSE for TGBL over a reasonable period have been considered for arriving at the value per equity share of TGBL under the market price method. Market price method have not been used to value Consumer Products Business as it is only one of the many businesses of TCL.

MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION

- The equity shares of TGBL are frequently traded
- Key operating / financial parameters of Valuation Subjects vis-à-vis its comparable companies.
- Business plan of Valuation Subjects.

The computation of share entitlement ratio for demerger of Consumer Products Business into TGBL by SRBC is tabulated below:

Valuation Approach	Consumer Products Business (A)		TGBL (B)	
	Value per Share of TCL for Consumer Products Business (INR)	Weight	Value per Share of TGBL (INR)	Weight
Market Approach				
-'Market Price Method	NA	-	208.2	33.33%
- Comparable Companies' Multiples Method	267.8	50%	232.1	33.33%
Income Approach - Discounted Cashflows Method	226.7	50%	211.4	33.33%
Asset Approach	3.1	-	116.2	-
Relative Value per Share	247.3		217.2	
Share Entitlement Ratio (A/B) (Rounded)			**1.14**	

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Annexure 1B- Approach to Valuation - BSMC

It is universally recognised that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

For the purpose of arriving at valuation of the Valuation Subjects we have considered the valuation base as 'Fair Value'. Our valuation, and this report, is based on the premise of 'going concern value'. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this Report.

It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. The IVS shall be mandatory for the valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. We have given due cognizance to the same in carrying out the valuation exercise.

IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e. it includes valuation of equity shares).

IVS 301 specifies that generally, the following three approaches for valuation of business/business ownership interest are used:

1. Market approach
2. Income approach
3. Cost approach

Each of the above approaches are discussed in the following paragraphs.

Market Price Method:

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. We have determined the market price of shares of TGBL based on weighted average price on NSE over a period of six months prior to the Valuation Date. The market price of TCL reflects the combined values of all the business taken together and therefore, not reflective of the isolated value of the Consumer Products Business. Therefore, the Market Price Method is not used to determine the value of the Consumer Products Business.

Earnings based approach:

Under the Earnings Approach we compute the fair value based on the earnings.
We have valued TGBL based on Sum of the Parts (SOTP) basis wherein we have applied multiples to its earnings and to that of its investments. For valuing the two joint ventures of TGBL which are in high growth phase (i.e. Tata Starbucks Private Limited and NourishCo Beverages Private Limited) we have used the Discounted Cash Flow Method ("DCF") of Valuation.

We note that the Consumer Products Business is predominantly into Salt. In the absence of comparable listed peers focused mainly on Salt, we have found it appropriate to use the Discounted Cash Flow Method for valuation of Consumer Products Business.

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Under the DCF Method, the future cash flows are appropriately discounted to arrive at a value of the business on a going concern basis. This value would, primarily, be based on the present value of such future cash flows generated.

Cost approach:

Cost Approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for the Cost Approach are the Replacement Cost Method and the Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that would have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

A scheme of amalgamation / arrangement would normally be proceeded with, on the assumption that the companies amalgamate / businesses are transferred as going concerns and an actual realization of the operating assets is not contemplated. In a going concern scenario, the relative earning power, as reflected under the Earnings based and Market approaches, is of greater importance to the basis of amalgamation / arrangement, with the values arrived at on the net asset basis being of limited relevance. Therefore, we have not used the Cost Approach for this valuation.

Fair Valuation:

We have arrived at the fair value of equity shares of TGBL by applying equal weights to the value derived under the Earnings based Method and the Market Price Method.

The fair value of the Consumer Products Business is derived based on the Earnings.

The computation of share entitlement ratio for demerger of Consumer Products Business into TGBL by BSMC is tabulated below:

Valuation Approach	Consumer Products Business (A)		TGBL (B)	
	Value per Share of TCL for Consumer Products Business (INR)	Weight	Value per Share of TGBL (INR)	Weight
Market Price Method	NA	NA	204	50%
Earnings based Method	240	100%	217	50%
Cost based approach	NA	NA	NA	NA
Relative Value per Share	240		210	
Share Entitlement Ratio (A/B) (Rounded)			**1.14**	

BANSI S. MEHTA & CO. ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Ushma Shah
Bansi S. Mehta & Co.
Chartered Accountants
Merchant Chambers, 3rd Floor,
New Marine Lines,
Opposite SNDT Women's University,
Mumbai - 400 020, Maharashtra, India

Dated: 15 May 2019

To

The Audit Committee,
Tata Global Beverages Limited
Bombay House,
Homi Modi Street,
Kala Ghoda, Fort,
Mumbai - 400 023
Maharashtra, India

Sub: Recommendation of share entitlement ratio for the proposed demerger of Consumer products business of Tata Chemicals Limited Into Tata Global Beverages Limited

Dear Sir / Madam,

I refer to my engagement letter whereby I am appointed by Tata Global Beverages Limited (hereinafter referred to as "TGBL") vide Engagement Letter dated May 7, 2019 for recommendation of share entitlement ratio of equity shares for the proposed demerger of consumer division of TCL (hereinafter referred to as "Consumer Products Business") into TGBL ("Proposed Demerger"). TCL and TGBL are hereinafter referred to as the "Companies" or "the Client". Consumer Products Business and TGBL are hereinafter referred to as the "Valuation Subjects".

The share entitlement ratio for this report refers to number of equity shares of TGBL which would be issued to the equity shareholders of TCL (in addition to, not in exchange of) pursuant to the Proposed Demerger.

My deliverable for this engagement would be a share entitlement ratio report ("Share Entitlement Ratio Report" or "Report").

SCOPE AND PURPOSE OF THIS REPORT

TCL was incorporated on 23 January 1939 and having its registered office at Bombay House, 24 Homi Mody Street, Fort, Mumbai 400001. TCL is engaged in diversified businesses dealing in basic chemistry products, specialty products and in the Consumer Products Business. Consumer Products Business is engaged in sourcing, packaging, marketing, distribution and sales of consumer salt, spices, protein foods and certain other food and other products. For the year ended 31 March 2019, TCL reported consolidated operating revenues of INR 112,963.3 mn and profit after tax of INR 13,868.5 mn.

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USHMA SHAH ★ REGISTERED VALUER ★

2019, TGBL reported consolidated operating revenues of INR 72,515.0 mn and a profit after tax of INR 4,569.8 mn.

I understand that the management of the Companies (hereinafter referred to as "the Management") is contemplating the demerger of Consumer Products Business into TGBL under a Scheme of Arrangement under the provisions of Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013. As a consideration for this Proposed Demerger, equity shareholders of TCL would be issued equity shares of TGBL in lieu of the value per equity share of TCL attributable to the Consumer Products Business.

For the aforesaid purpose, the Board of Directors of TGBL have appointed me to recommend a share entitlement ratio, for the issue of TGBL's equity shares to the equity shareholders of TCL for the value attributable to the Consumer Products Business, to be placed before the Audit Committee/Board of Directors of TGBL.

I understand that the appointed date for the demerger as per the draft scheme shall be 1 April 2019.

The scope of my services is to conduct a relative (and not absolute) valuation of equity shares of the Valuation Subjects and report a share entitlement ratio for the Proposed Demerger in accordance with internationally accepted valuation standards / ICAI Valuation Standards 2018 issued by Institute of Chartered Accountants of India.

I have been provided with the carved-out financials of Consumer Products Business from the audited financials of TCL and audited financials of TGBL for year ended 31 March 2019 and earlier periods. Further, I have been provided with the business plan of the Valuation Subjects. I have taken into consideration the current market parameters in my analysis and have made adjustments for additional facts made known to me till the date of my Report. Further, I have been informed that all material information impacting the Valuation Subjects have been disclosed to me.

I have been informed that till the Proposed Demerger becomes effective:

(a) Neither Companies would declare any substantial dividends having materially different yields as compared to past few years.

(b) There are no unusual/abnormal events in the Companies since the last audited accounts till the Report date materially impacting their operating/financial performance.

I have been informed that, in the event that either of the company restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Demerger becomes effective, the issue of shares pursuant to the share entitlement ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

I have relied on the above while arriving at the share entitlement ratio for the Proposed Demerger.

This Report is my deliverable for the above engagement.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts.

SOURCES OF INFORMATION

In connection with this exercise, I have received/obtained the following information about the Valuation Subjects:

1. For Consumer Products Business of Tata Chemicals Limited
    - Financial statements (upto EBIT level) of salt business, spices business and pulses business of TCL carved-out from audited financial statement of TCL for the year ended 31 March 2017 to 31 March 2019
    - Business plan of Consumer Products Business
    - Proposed arm's length pricing between TCL and TGBL for supply of salt
    - Details of contingent liabilities as of 31 March 2019
    - Other relevant information
    - Answers to specific questions and issues raised after examining the foregoing data.

2. For Tata Global Beverages Limited
    - Standalone and consolidated audited financial statements for year ended 31 March 2019
    - Annual report for years ended 31 March 2014 to 31 March 2018
    - Business plan of TGBL
    - Details of contingent liabilities as of 31 March 2019
    - Other relevant information
    - Answers to specific questions and issues raised after examining the foregoing data.

During the discussions with the management of Valuation Subjects, I have also obtained explanations and information considered reasonably necessary for my exercise. The Client has been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) as part of standard practice to make sure that factual inaccuracy/omissions are avoided in the Report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, I have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information
- Used data available in public domain
- Discussions (physical/over call) with the Management to:
    - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Undertook Industry Analysis:
    - Research publicly available market data including economic factors and industry trends that may impact the valuation
    - Analysis of key trends and valuation multiples of comparable companies/comparable transactions using: Proprietary databases subscribed by me or my network firms
- Selection of internationally accepted valuation methodology/(ies) as considered appropriate by me.

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SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of my regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by me or my affiliates.

The recommendation contained herein is not intended to represent value at any time other than report date. I have no obligation to update this report.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of my engagement; (ii) the Report Date; (iii) are based on the carved-out financials (upto EBIT level) of Consumer Products Business from the audited financials of TCL; (iv) audited consolidated financials of TGBL for year ended 31 March 2019 and earlier period and (v) business plan of Valuation Subjects. I have been informed that the business activities of the Valuation Subjects have been carried out in the normal and ordinary course between 31 March 2019 and the Report date and that no material changes have occurred in their respective operations and financial position between 31 March 2019 and the Report date.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to me as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this report.

The recommendation rendered in this Report only represent my recommendation based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said recommendation shall be considered to be in the nature of non-binding advice. My recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

The determination of share entitlement ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into accounts all the relevant factors. There is, therefore, no indisputable single share entitlement ratio. While I have provided my recommendation of the share entitlement ratio based on the information available to me and within the scope and constraints of my engagement, others may have a different opinion as to the share entitlement ratio. The final responsibility for the determination of the share entitlement ratio at which the Proposed Demerger shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Demerger and input of other advisors.

In the course of the valuation, I was provided with both written and verbal information, including market, financial and operating data as detailed in the section - Sources of Information.

I have not independently audited or otherwise verified the financial information provided to me. Accordingly, I do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Client, I have been given to understand by the Management that they have not omitted any relevant and material factors about the Valuation Subjects and that they have checked the relevance or materiality of any specific information to the present exercise with me in case of any doubt. My conclusion is based on the information given by/on behalf of the Companies. The Management has indicated to me that they have understood that any omissions, inaccuracies or misstatements may materially affect my valuation analysis/results.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Companies will be managed in a competent and responsible manner. Further, this Report has given no consideration to matters of a legal nature, including issues

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of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited/unaudited balance sheet of the Companies. My conclusion of value assumes that the assets and liabilities of the Valuation Subjects, reflected in their respective latest balance sheets remain intact as of the Report date.

The financial forecasts used in the preparation of the Report reflects judgment of respective management of Companies, based on present circumstances prevailing around the Valuation Date, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always may differ from the forecasts and as such differences may be material.

The report does not address the relative merits of the Proposed Demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the results reported.

I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Arrangement, without my prior written consent. In addition, this report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the Proposed Demerger and I express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Demerger.

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SHAREHOLDING PATTERN

Tata Chemicals Limited

The issued and subscribed equity share capital of TCL as at 31 March 2019 is INR 2,547.6 million consisting of 254,756,278 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Shareholding Pattern as on 31 March 2019	No of Shares	% Shareholding
Promoter & Group	78,027,943	30.6%
Public - Institutions	122,214,300	48.0%
Public – Non-Institutions	54,514,035	21.4%
Grand Total	**254,756,278**	**100.0%**

Source: BSE

Tata Global Beverages Limited

The issued and subscribed equity share capital of TGBL as at 31 March 2019 is INR 631.1 million consisting of 631,129,729 equity shares of face value of INR 1 each. The shareholding pattern is as follows:

Shareholding Pattern as on 31 March 2019	No of Shares	% Shareholding
Promoter & Group	217,445,190	34.5%
Public - Institutions	246,397,230	39.0%
Public – Non-Institutions	167,264,416	26.5%
Non-Promoter – Non-Public	22,893	0.0%
Grand Total	**631,129,729**	**100.0%**

Source: BSE

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APPROACH FOR RECOMMENDATION OF SHARE ENTITLEMENT RATIO

The Proposed Scheme of Arrangement contemplates the demerger of Consumer Products Business into TGBL. Arriving at the share entitlement ratio for the Proposed Demerger of Consumer Products Business into TGBL would require determining the relative value of the Consumer Product Business (on per equity share of TCL) and the value of the equity shares of TGBL. These values are to be determined independently, but on a relative basis for the Valuation Subjects, without considering the effect of the Proposed Demerger.

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond my control. In performing my analysis, I made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Valuations Subjects, and other factors.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. My choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for mergers / demergers of a similar nature and my reasonable judgment, in an independent and bona fide manner based on my previous experience of assignments of a similar nature.

The Valuation Approach adopted by me is given in Annexure 1.

BASIS OF SHARE ENTITLEMENT RATIO

The basis of the demerger of Consumer Products Business of TCL into TGBL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the above methods, for the purposes of recommending the share entitlement ratio of equity shares it is necessary to arrive at a final value for each Valuation Subject. It is however important to note that in doing so, I are not attempting to arrive at the absolute equity values of the Valuation Subjects, but at their relative values to facilitate the determination of the share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.

The share entitlement ratio has been arrived at on the basis of a relative equity valuation of Valuation Subjects based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Valuation Subjects, having regard to information base, key underlying assumptions and limitations.

I have independently applied methods discussed in the Annexures, as considered appropriate, and arrived at the value per share of the Companies. To arrive at the consensus on the share entitlement ratio for the Proposed Demerger, suitable minor adjustments / rounding off have been done.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, I recommend the following share entitlement ratio for the Proposed Demerge of Consumer Products Business into TGBL:

114 (One Hundred and Fourteen) equity shares of TGBL of INR 1/- each fully paid up for every 100 (Hundred) equity shares of TCL of INR 10/- each fully paid up.

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It should be noted that I have not examined any other matter including economic rationale for the Proposed Transaction per se or accounting, legal or tax matters involved in the Proposed Transaction.

Respectfully submitted,

UshmaShah

USHMA SHAH ★ REGISTERED VALUER ★

Ushma Shah
Registered Valuer
Registered Valuer No: IBBI/RV/06/2019/11319
Place: Mumbai
Date: 15 May 2019

Annexure 1- Approach to Valuation

It is universally recognised that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

For the purpose of arriving at valuation of the Valuation Subjects I have considered the valuation base as 'Fair Value'. My valuation, and this report, is based on the premise of 'going concern value'. Any change in the valuation base, or the premise could have significant impact on my valuation exercise, and therefore, this Report.

It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. The IVS shall be mandatory for the valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. I have given due cognizance to the same in carrying out the valuation exercise.

IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e. it includes valuation of equity shares).

IVS 301 specifies that generally, the following three approaches for valuation of business/business ownership interest are used:

1. Market approach
2. Income approach
3. Cost approach

Each of the above approaches are discussed in the following paragraphs.

Market Price Method:

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. I have determined the market price of shares of TGBL based on weighted average price on NSE over a period of six months prior to the Valuation Date. The market price of TCL reflects the combined values of all the business taken together and therefore, not reflective of the isolated value of the Consumer Products Business. Therefore, the Market Price Method is not used to determine the value of the Consumer Products Business.

Earnings based approach:

Under the Earnings Approach I have computed the fair value based on the earnings.
I have valued TGBL based on Sum of the Parts (SOTP) basis wherein I have applied multiples to its earnings and to that of its investments. For valuing the two joint ventures of TGBL which are in high growth phase (i.e. Tata Starbucks Private Limited and NourishCo Beverages Private Limited) I have used the Discounted Cash Flow Method ("DCF") of Valuation.

I note that the Consumer Products Business is predominantly into Salt. In the absence of comparable listed peers focused mainly on Salt, I have found it appropriate to use the Discounted Cash Flow Method for valuation of Consumer Products Business.

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Under the DCF Method, the future cash flows are appropriately discounted to arrive at a value of the business on a going concern basis. This value would, primarily, be based on the present value of such future cash flows generated.

Cost approach:

Cost Approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for the Cost Approach are the Replacement Cost Method and the Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that would have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

A scheme of amalgamation / arrangement would normally be proceeded with, on the assumption that the companies amalgamate / businesses are transferred as going concerns and an actual realization of the operating assets is not contemplated. In a going concern scenario, the relative earning power, as reflected under the Earnings based and Market approaches, is of greater importance to the basis of amalgamation / arrangement, with the values arrived at on the net asset basis being of limited relevance. Therefore, I have not used the Cost Approach for this valuation.

Fair Valuation:

I have arrived at the fair value of equity shares of TGBL by applying equal weights to the value derived under the Earnings based Method and the Market Price Method.

The fair value of the Consumer Products Business is derived based on the Earnings.