

Proposed Acquisition of Capital Foods and Organic India

TATA CONSUMER PRODUCTS

12th January 2024

FOR BETTER

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Glossary

Term	Description
3P	Third Party Manufacturer
Company	Tata Consumer Products
CF	Capital Foods Private Limited
Desi Chinese	Desi Chinese refers to Chinese cuisines adapted to Indian tastes
Gross Margin ("GM")	Net Revenue less manufacturing costs includes material cost of goods sold, processing fees and other factory related costs
GT	General Trade
MT	Modern Trade
Net Revenue	Revenue from operations
SKU	Stock Keeping Unit
TCPL	Tata Consumer Products Ltd.

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01

Overview

We are Tata Consumer Products



Largest salt brand in India



2nd Largest tea brand in India



3rd largest tea brand in UK & largest tea brand in Canada



4th largest R&G coffee brand in USA



National brand in pulses, spices, dry fruits and other staples



#1 natural mineral water brand in India

In a nutshell



Integrated F&B company with rich heritage of Tata, aspiring for a larger share of the FMCG World



#2 branded tea player globally



₹ 13.8K crore consolidated revenue in FY23 with a market cap of ~ ₹ 1 Lac Cr.



Reach of 200mn+ households in India and distribute to 3.8mn retail outlets



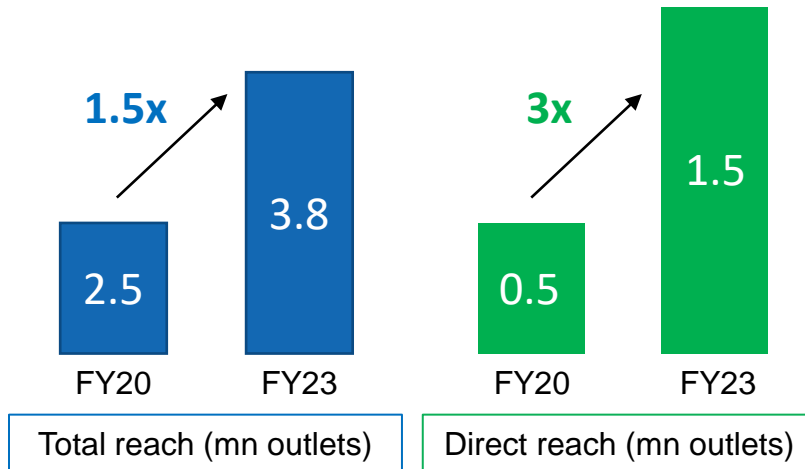
Among the top 10 FMCG companies in India



~3500+ employees worldwide

Over the past 3 years, TCPL has invested significantly in building a strong foundation to drive accelerated growth

Rapid expansion of distribution footprint



India – Contribution of alternate channels (MT / Ecom)[#]



• General Trade • Alternate

[#] India business

Investment in infrastructure

10,000+
Channel partners including
distributors and sub-distributors

5,000+
Feet on Street

43
CFAs

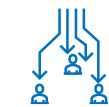
Strengthened digital capabilities



Shifted to Cloud



Single Instance of SAP



Integrated S&D Backbone

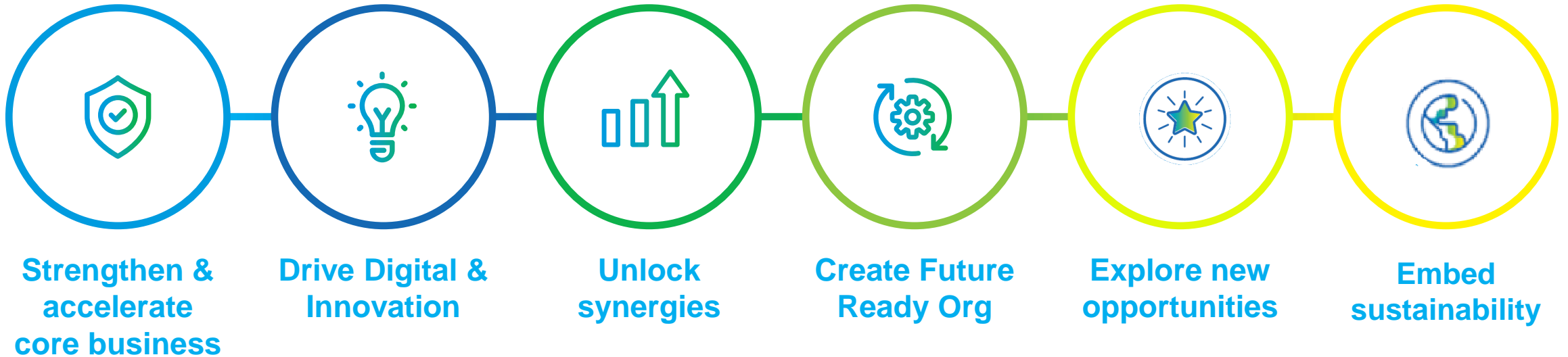


IBP



Clearview Analytics

In line with our stated strategic priorities



Announcing the acquisition of Capital Foods and Organic India...



Acquisition of Capital Foods

- ✓ Market leading brands; Ching's Secret synonymous with Desi-Chinese with Pan-India appeal
- ✓ Caters to fast growing “in-home” consumption of non-Indian cuisines
- ✓ Significant addition to the pantry platform with high gross margin categories (~50% gross margin)

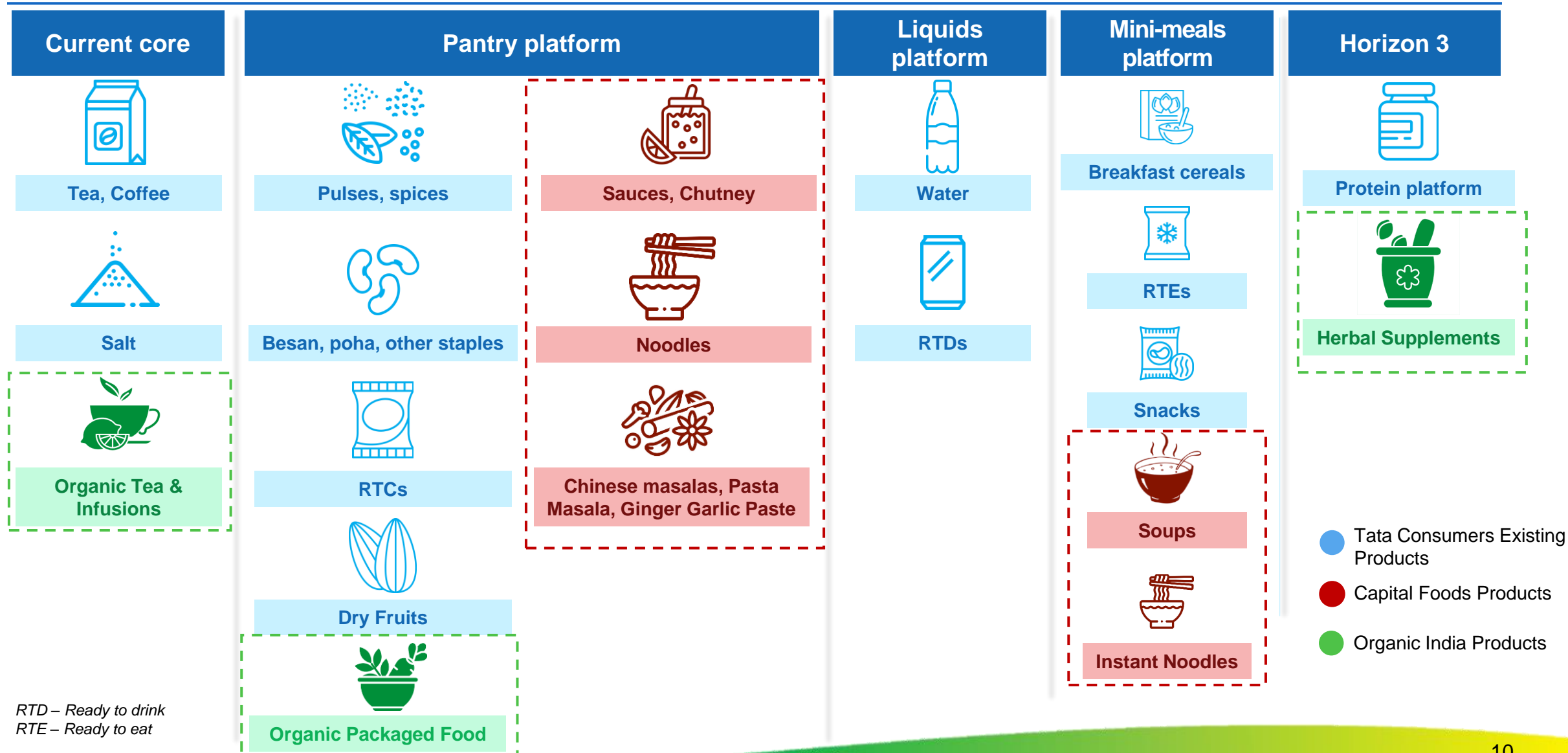


Acquisition of Organic India

- ✓ Leading “better for you” organic brands
- ✓ Opportunity to become a formidable player in herbal infusions, and herbal & traditional supplements
- ✓ Expands Total Addressable Market in fast-growing and high gross margin categories (55%+), and expand into other nutrition categories

Massive potential to drive synergies by leveraging Tata Consumer’s distribution network, increasing scale along with scope to deliver significant operating efficiencies

...which add strong complementarity to Tata Consumer's F&B platforms and fill stated whitespaces...



...and turbocharge our progress towards becoming a premium F&B platform...

What we are/have



✓ Portfolio of market leading F&B brands

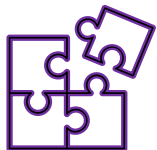


✓ Strong momentum in expansion of S&D network



✓ Potential to deliver steady growth over the medium-to-long term

✓ Mid-teens EBITDA margin



✓ A strong innovation backbone with state-of-the-art R&D facilities

What we become

✓ A formidable F&B platform with offerings across the entire gamut of Packaged Foods across cuisines, and “better-for-you” products

✓ Potential to drive superior double-digit growth over the medium-to-long-term leveraging existing back-end and front-end infrastructure

✓ Strong portfolio of high margin products

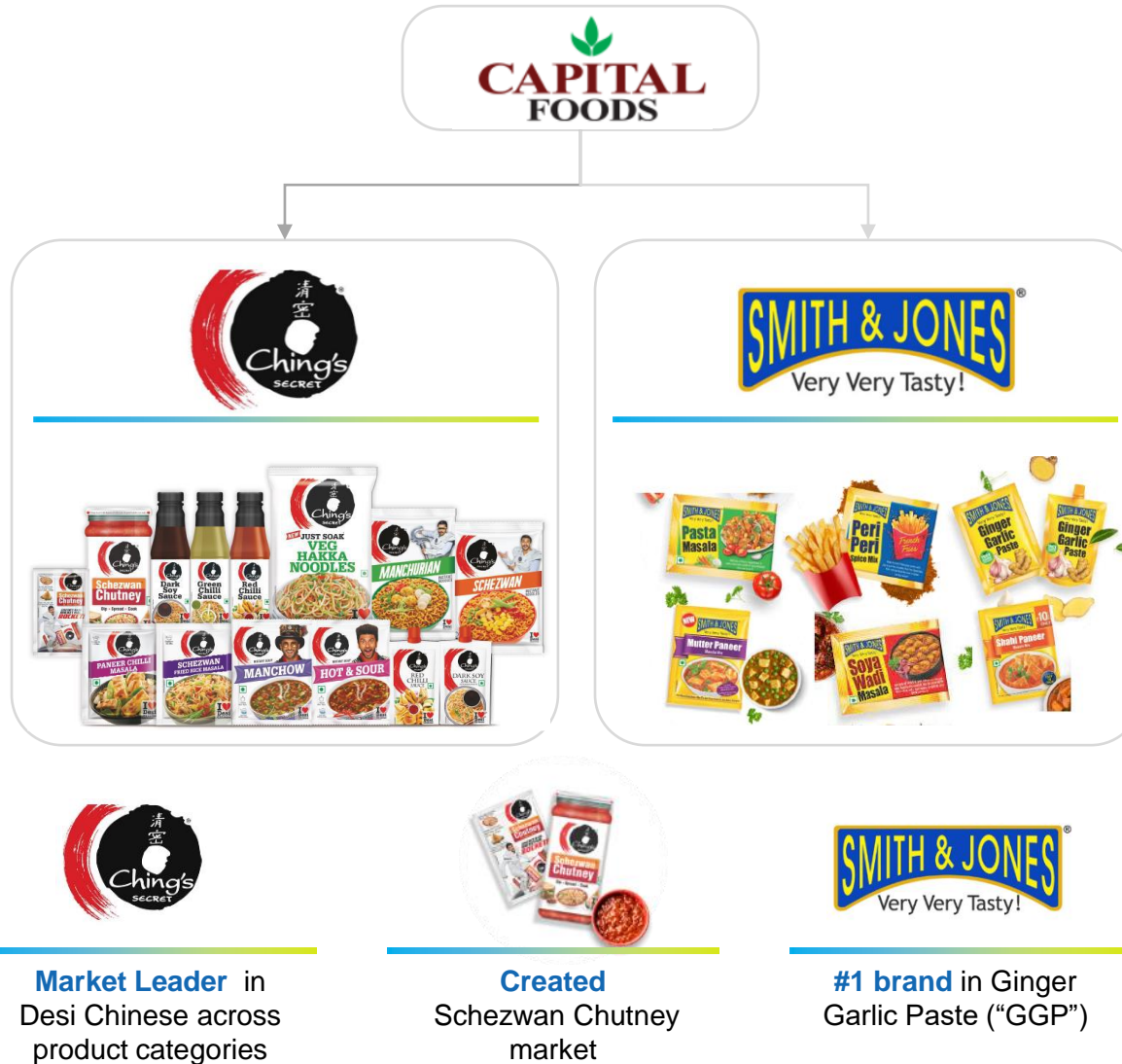
✓ Significant scope to improve gross margin and EBITDA margin in the short-to-medium term

✓ Powerful umbrella brands that can nurture innovative and emerging product categories

02

Capital Foods

Unique platform that is synonymous with the largest single cuisine block in India...



Umbrella platform brands with a **diverse portfolio of unique products** for "in-home" consumption

FY24E: ~INR 936/750 Cr Gross/Net revenue; ~50% GM; 20%+ EBITDA Margin

Fast-growing F&B player: **20% CAGR** in Net Revenue (FY20-23), improving EBITDA margin, with scope to drive further expansion

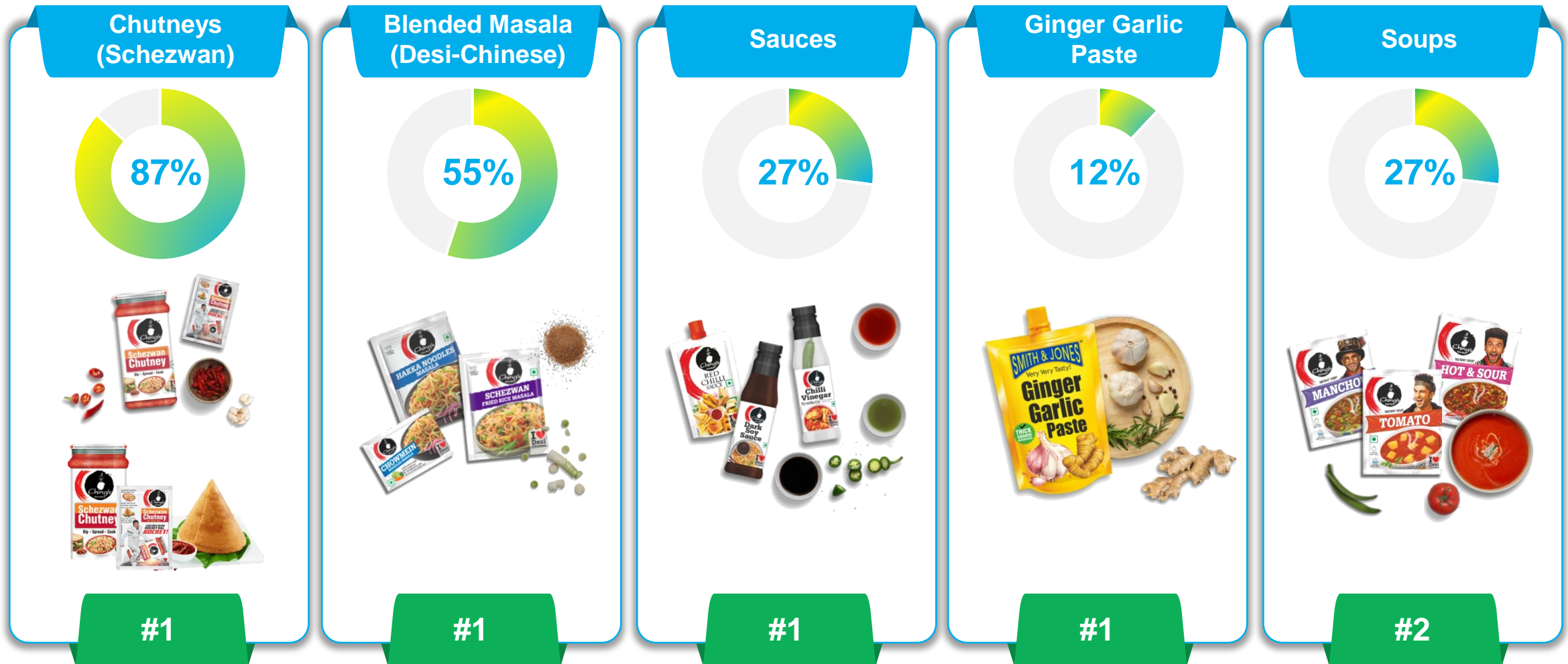
Scalable manufacturing capabilities: three owned plants and four 3P plants with significant scope for higher levels of utilization

~350K stores
Distribution reach^{1,2}

~17%
Revenue from Exports

25+ years
Established Brands

...with a product portfolio that has market leadership across categories...



● # Market position

xx% - Market Share in respective categories as of 2022. Sauces include green chilli, red chilli and soy sauces.
Source: Management estimates, Industry sources

...and strong brand recall...under-indexed on distribution...

Capital Foods enjoys strong brand recall

Significant investment to drive brand awareness



Awareness*	88%
Consideration* Top 2	84%
Ever Used*	79%



640K+

YouTube subscribers

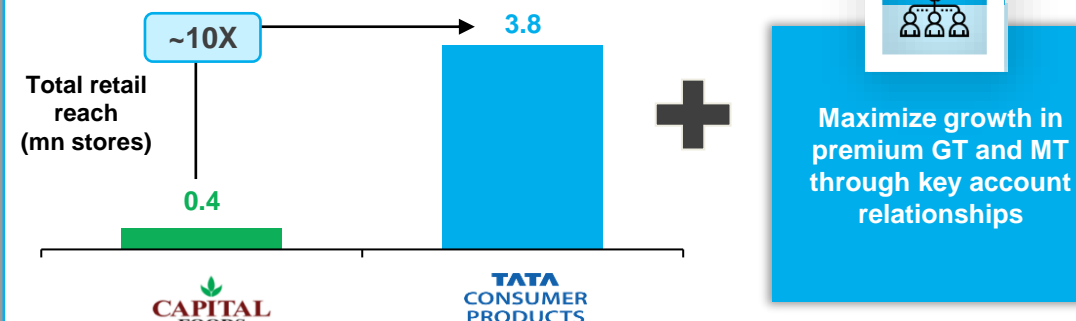


80%+ aided awareness

in Chinese Masala, GGP, and Chinese Sauces

Massive potential to leverage TCPL's distribution to scale up Capital Foods¹....

Incremental GT unlock



... and increase focus on E-commerce throughput



E-grocery market to grow at 30%+ CAGR for next few years



Leverage in-house E-commerce expertise

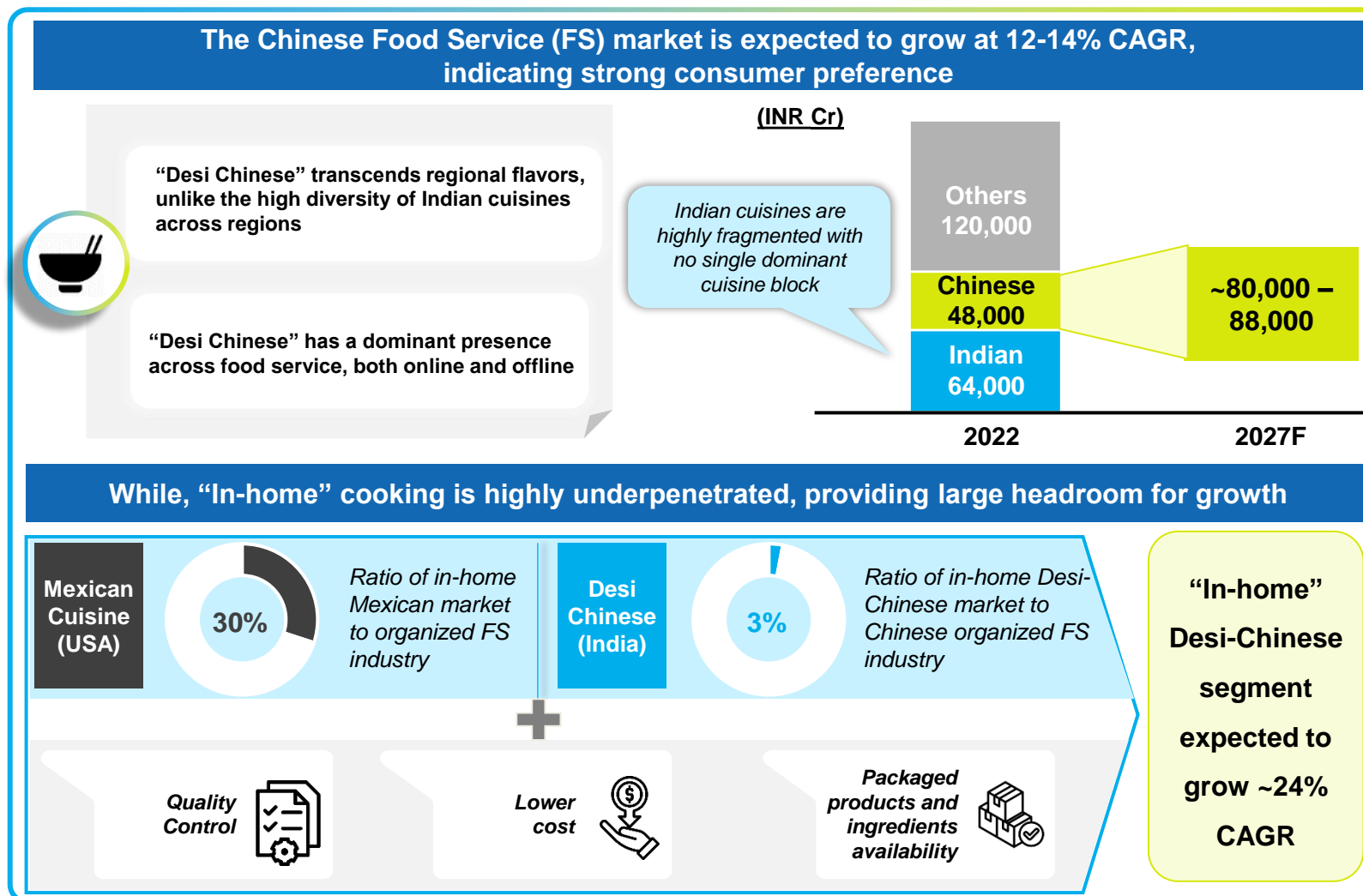


Increase online channel saliency
4% → ↑↑↑

Potential to drive strong double-digit revenue growth significantly higher than TCPL's current trajectory


*For Schezwan chutney; similar brand metrics for Chinese masala over the same period

...and under-penetrated “in-home” consumption segment...



Capital Foods introduced Desi Chinese in India

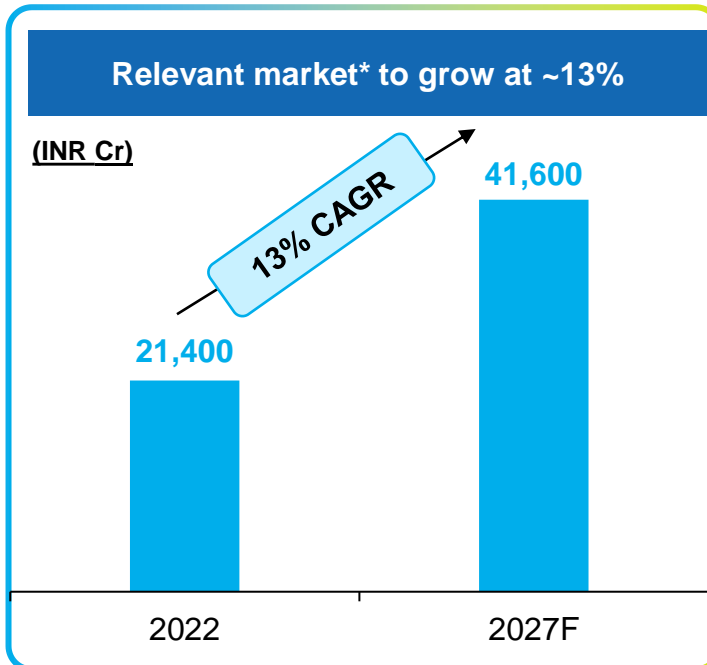
Ching's Secret has become synonymous with the category



Desi Chinese

Source – Management Estimates

...providing category leading growth opportunities across sub-segments with high gross margins...



* Includes Chutneys, Chinese Sauces, Instant Noodles, Blended Masalas, GGP and soups; Blended masala includes Indian and western blended spices

CF focus categories to grow at ~2x of relevant market

Market Growth (CAGR CY22-27)

Overall	~24%
Blended Masalas	~38%
Chinese Sauces	~17%
Chutneys	~26%
GGP	~16%
Instant Noodles	~14%

...with high gross margin



**Capital Foods
Gross Margin**

Key Growth Drivers



Evolving
preference for new
cuisines and tastes



Growth in rural/Tier 2+
consumption



Increased
salience of "in-
home" cooking



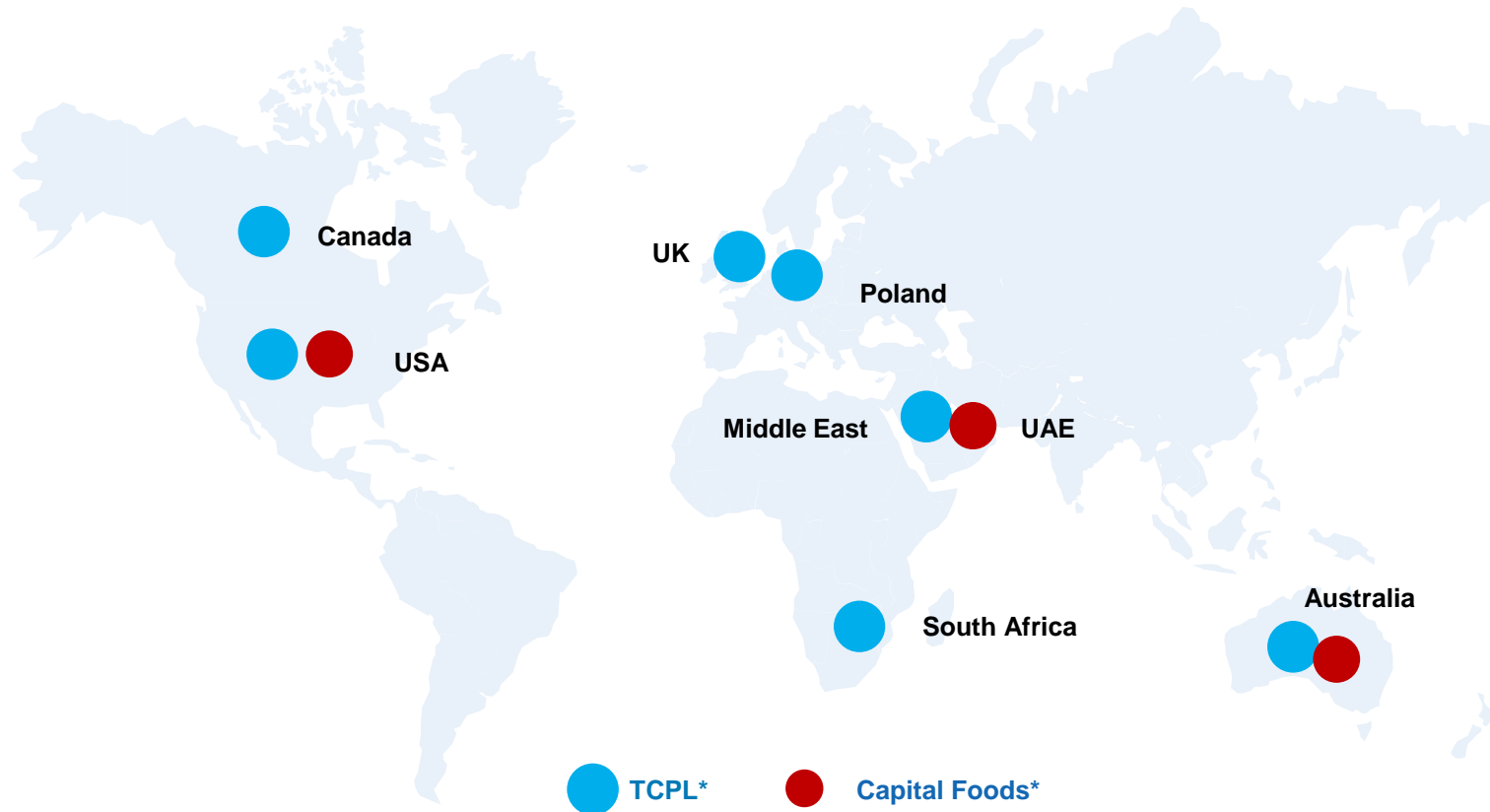
Increase
occasion of Desi-
Chinese
consumption



Increase in income levels
with higher younger
population salience

...along with potential to cross synergize Capital Foods' export strengths for Tata Consumer's packaged foods products...

Combined international presence



*Major presence

Leverage CFs' retailed relationships and presence to sell its own brands



TATA™
raasa

Joyfull
MILLETS

In summary



Facilitates entry into high-growth categories with significant potential – INR 21,400 Cr TAM; with rapidly growing business – Capital Foods' Net Revenue grew at ~20% CAGR between FY20-23



In line with our strategic priority to **expand total addressable market into adjacent, high-margin, high-growth categories**; With **Sampann, Ching's Secret, and Smith & Jones**, we will cater to a wide gamut of the Indian culinary palate



Strong brand synonymous with Desi Chinese with market leadership across categories



Fast growing brand catering to “in-home” cooking of western cuisines



Product categories and Margin accretive: Operates in complementary categories with no overlap to TCPL's existing product portfolio; **High margin business:** 50%+ gross margin



Strengthen exports: Strong retailer relationships in key export markets to be leveraged for growth including manufacturing of white label products for key international accounts

03

Organic India

The leading platform of “better for you” organic products with a truly organic supply chain...

TCPL to acquire upto 100% stake in Organic India



- ▶ Leading “**better for you**” **organic brand** of F&B and herbal supplements products
- ▶ **Caters to booming, highly fragmented INR 82,000 Cr market**; Winning **customer trust** is key to success
- ▶ **Omni-channel presence** across GT, E-comm, stores, own website and exports
- ▶ **INR 350+ Cr. brand** with high quality products focused on “**sustainable living**”; 55%+ gross margin
- ▶ Aligns with Tata Consumer’s strategy to **expand Horizon 3 segment**, providing **substantive growth opportunities**

Unparalleled end-to-end organic supply chain



Rigorous product testing procedure and certification valid for major global markets



Unique, robust, hard to replicate and scalable back-end infrastructure



25+ years

Established Brand



~40%+

Revenues from USA



~12k+

Organic Farmers Reach



100+

Healthy Products

...with an established brand across premium and emerging categories...

Product Portfolio (Revenue Split%)

Herbal Supplements (~40%)



Condition Specific



Daily Nutrition



Psyllium

Tea & Infusions (~40%)



Green Tea



Wellness Tea



Infusion

Organic Packaged Food (~20%)



Ghee



Honey



Jaggery Powder



Premium brand

Organic India Tea & Infusions – priced at 15-20% premium over Tetley



55%+

Gross margin;
Margin accretive to TCPL's portfolio

Source: Management Estimates

1. Organic India exports to 48+ countries

...with a strong supply-chain moat and end-to-end certifications for organic products...

Long-standing relationships with farmers enables flexible sourcing



~130 members strong operations team including **Agri development and procurement division**



Works **directly** with ~2,500 farmers across ~11,000+ acres of Organic Certified Land in ~120 villages **with low teens utilization**



Indirectly **associated** with an additional 12,000+ farmers



Pioneered **commercial cultivation of Tulsi**
Introduced high value medicinal and non-medicinal crops cultivation



Organic India is the preferred buyer



Empowers OI to procure high-value crops effectively

End-to-end certifications for organic products

International certifications



European Commission



USDA



HACCP



Japan Agricultural Standards



Non GMO



Fair Trade



COSMOS

National certifications



National Program for Organic Production (NPOP)



Jaivik Bharat

Quality certifications



GMP



(ISO-9001:2008)



FSSC 22000

State of the art manufacturing with low utilization

Manufacturing, Procurement, Processing and Warehousing

Uttar Pradesh

Rajasthan

Madhya Pradesh

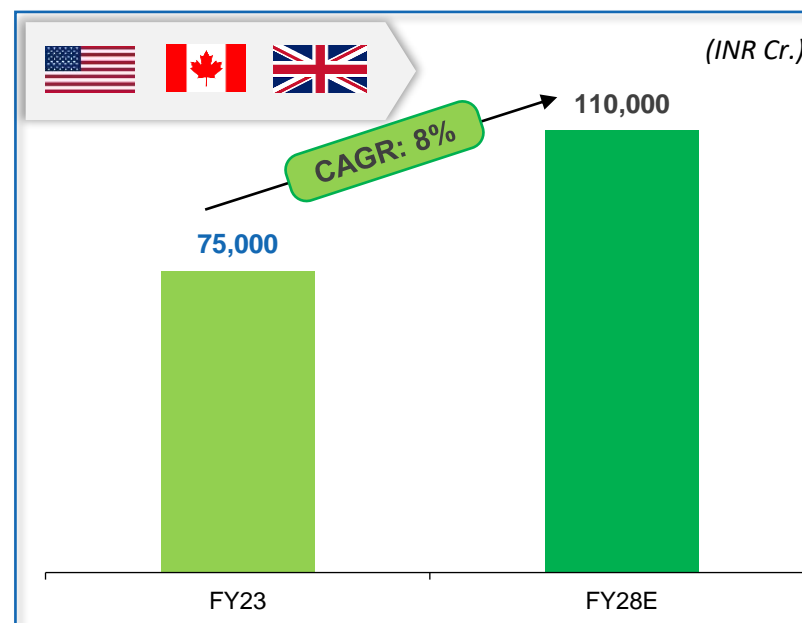
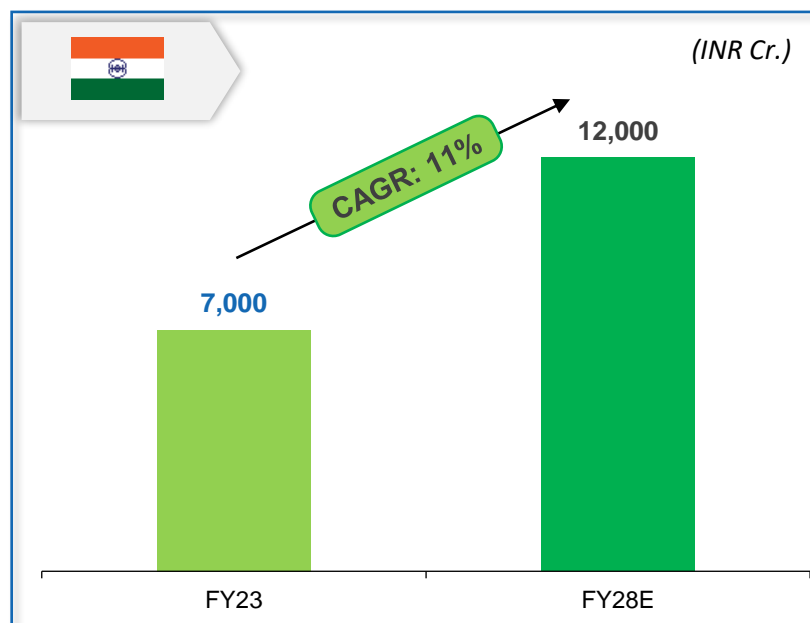
Uttarakhand



Enables entry into other key organic products categories globally such as quinoa, pulses, etc.

...providing a unique opportunity to strategically develop a “high-growth”, “high-margin” health and wellness platform

TCPL TAM to expand by ~82K Cr globally



Growth Drivers

- Rising number of health-conscious individuals
- Increasing awareness
- Higher demand for Natural and traditional herbal Products
- Preference of Preventive over Curative approach
- Increasing Research & Product Development
- Rising lifestyle ailments and obesity leading to wellbeing management



Operates in high growth and highly fragmented market

Winning customer trust is key to its success

Premium and organic products that command higher margin

Diversify geographically with exports contribute 50%+ revenue at higher margins

Potential to add products in allied categories like protein nutrition, child nutrition, etc.

...by leveraging Tata Consumer's existing distribution strength and unlocking the pharma channel with a relevant product basket

Massive potential to leverage Tata Consumer's domestic distribution prowess with...



OI in 24k outlets



Deliver higher growth in MT (~3%¹) and E-commerce (22%¹)



Drive expansion in export countries with strong Tata Consumer presence

...Opportunity to unlock pharma channel and maximize export potential



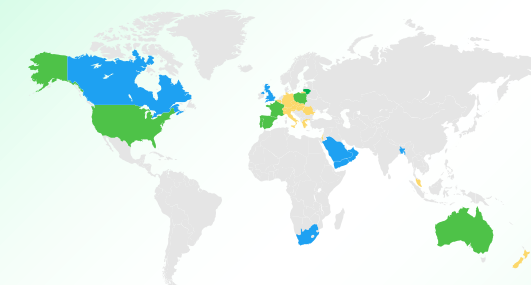
TCPL to develop the pharma channel with OI's robust product portfolio and cross-sell other brands

TATA
GOFIT

TATA
SOUFUL

Tetley
Green tea

and maximize export potential through cross-synergies



Organic India's products are listed in premium outlets chains in the US (Whole Foods, Sprouts and Natural Grocer, etc.)

- TCPL and OI are present
- TCPL presence significant; OI's presence limited
- OI's presence is significant; TCPL presence is limited

Tata Consumer to drive exponential revenue growth for Organic India

In summary



Provides an opportunity to develop a **high-growth, high-margin health and wellness platform** with the leading “better for you” **organic brand**



In line with our strategic priority to expand TAM by expanding into adjacencies with high-growth and high-margin categories; INR 82,000 Cr TAM globally and Horizon 3 segment with substantive growth opportunity



Robust sourcing and scalable back-end infrastructure for organic products combined with **farmer network** enabling procurement of current and new crops



Unparalleled end-to-end organic certifications, domestic and international, across the supply chain leading to **high customer trust**



Product categories and Margin accretive: Operates in complementary categories with no overlap to TCPL's existing product portfolio; **High margin business:** 55%+ gross margin



Strengthen exports by cross leveraging TCPL's and Organic India's export presence

04

Synergies

Potential to capture significant revenue and cost synergies

Revenue Synergies



Increase GT footprint



Deliver high growth in MT and E-commerce



Enhance export footprint

Cost Synergies



Optimize trade margins



Optimize selling expenses



Fixed cost optimization



Higher capacity utilisation

Significant synergies to boost growth and enhance EBITDA Margin

05

Financials/ Transaction overview

TATA CONSUMER PRODUCTS

Transaction Overview



Transaction Structure	<ul style="list-style-type: none">▶ TCPL to acquire 75% stake upfront; balance 25% to be acquired within 3 years▶ TCPL to have full operating control and majority in board representation▶ Ajay Gupta to continue as consultant	<ul style="list-style-type: none">▶ Upfront purchase of upto 100% stake▶ Potential earnout linked to FY26 financial performance
Transaction Value	<ul style="list-style-type: none">▶ Upfront purchase of 75% stake at an Enterprise Value of INR 5,100 Cr<ul style="list-style-type: none">— Translates to 6.8x FY24E Net Sales— Expect strong sustained double-digit top line growth	<ul style="list-style-type: none">▶ Enterprise Value of INR 1,900 Cr<ul style="list-style-type: none">— Translates to 5.2x FY24E Net Sales— Expect strong sustained double-digit top line growth
Impact on financials	<ul style="list-style-type: none">▶ EPS breakeven in second year of operations and accretive thereafter▶ Cash EPS accretive in first full year of operations	
Financing	<ul style="list-style-type: none">▶ Combination of cash reserves available to TCPL, debt and equity issuance through Rights Issue or any other mode (subject to Board approval)	
Transaction Timelines	<ul style="list-style-type: none">▶ Closing anticipated in Q4FY24▶ Operational integration to commence shortly after Closing; to be completed within 3-4 months	
Significant double-digit growth and margin accretion expected in near term		

06

Annexure

Advisors to TCPL

Financial Advisor



Legal Counsel



Due Diligence Advisors



Technical Due Diligence Advisor

