pwc

SSPA & CO.
Chartered Accountants

PwC Business Consulting Services LLP, The Millenia, Tower D, 7th Floor, Murphy Road, Ulsoor, Bangalore – 560008	**SSPA & CO.,** Chartered Accountants 1st Floor, "Arjun" Plot No. 6A, V.P. Road, Andheri (West) Mumbai – 400 058

Dated: 29 March 2022

To,

The Board of Directors	**The Board of Directors**	**The Board of Directors**
Tata Consumer Products Limited 1, Bishop Lefroy Road Kolkata – 700 020,	Tata Coffee Limited No. 57, Railway Parallel Road Kumara Park (W) Bangalore – 560 020	TCPL Beverages & Foods Limited Kirloskar Business Park, Block C, 3rd & 4th Floor, New Airport Road, Hebbal, Bangalore – 560 024

Sub: Recommendation of the following:

a. **Fair equity share entitlement ratio for the proposed demerger of the Plantation Business of Tata Coffee Limited into TCPL Beverages & Foods Limited, a wholly owned subsidiary of Tata Consumer Products Limited, and;**

b. **Fair equity share exchange ratio for the proposed amalgamation of Tata Coffee Limited (which would include Non-Plantation Business or Remaining Business, excluding the Planation business proposed to be demerged) into Tata Consumer Products Limited**

Dear Sir / Madam,

We refer to

- The engagement letter dated 18 March 2022 whereby Tata Consumer Products Limited (hereinafter referred to as "TCPL"), Tata Coffee Limited (hereinafter referred to as "TCL") and TCPL Beverages & Foods Limited (hereinafter referred to as "TBFL") have appointed PwC Business Consulting Services LLP, Registered Valuer. (hereinafter referred to as 'PwC BCS LLP'); and

- The engagement letter dated 28 February 2022 whereby TCPL, TCL and TBFL have appointed SSPA & CO., Chartered Accountants - Registered Valuer. (hereinafter referred to as 'SSPA');

to recommend the following:

- Fair equity share entitilement ratio for the proposed demerger of the Plantation Business of TCL into TBFL, a wholly owned subsidiary of TCPL ("Transaction 1" or "Demerger"); and

- Fair equity share exchange ratio for the proposed amalgamation of TCL (which would include Non-Plantation Business or Remaining Business excluding the Planation business proposed to be demerged) (hereinafter referred to as 'Remaining TCL') into TCPL ("Transaction 2" or "Amalgamation")..

TCPL and TCL are together hereinafter referred to as the "Companies". Further, Plantation Business and Remaining TCL are together hereinafter referred to as the "Specified Businesses".

PwC BCS LLP and SSPA have been hereinafter referred to as "Valuers" or "we" or "us" and individually referred to as "Valuer" in this joint Entitlement / Exchange Ratio report ("Valuation Report" or "report").

PwC Business Consulting Services LLP

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

BACKGROUND OF COMPANIES

TCPL was incorporated on October 18, 1962 under the provisions of the Companies Act, 1956, and is a public limited company within the meaning of the Companies Act, 2013 ("Act") having CIN: L15491WB1962PLC031425. Its registered office is at 1, Bishop Lefroy Road Kolkata - 700020, West Bengal. TCPL along with its subsidiaries, joint ventures and associates is *inter alia* engaged in the business of manufacturing, marketing, distribution and/ or sales of consumer products, with offerings across food and beverage categories which includes tea, coffee, water and ready-to-drink beverages and is also engaged in the business of out-of-home retail which includes concept and premium cafes. The equity shares of TCPL are listed on National Stock Exchange of India Limited ("NSE"), BSE Limited ("BSE") and Calcutta Stock Exchange Limited ("CSE") and its global depositary receipts are listed on the London Stock Exchange and the Luxembourg Stock Exchange.

TCL was incorporated on November 19, 1943 under the provisions of the Companies Act, 1913, and is a public limited company within the meaning of the Act having CIN: L01131KA1943PLC000833. Its registered office is at Pollibetta-571215 Kodagu, Karnataka. TCL is a subsidiary of TCPL; 57.48% equity stake in TCL is held by TCPL. TCL, along with its subsidiairies joint ventures and associates is inter alia engaged in the plantation business of cultivation, curing and processing of coffee, tea, pepper and allied planation products and in the manufacture and sale of instant, soluble coffee powders and branded coffee products. The equity shares of TCL are listed on NSE and BSE.

TCL owns 18 coffee estates, 6 tea estates and 1 combined coffee and tea estate. The plantation business of TCL means the business relating to the cultivation, curing, processing, manufacture and sale of tea, coffee, pepper and other plantation crops including other plantation allied business and the roast and ground coffee facility in Kushalnagar works (hereinafter referred to as the "Plantation Business").

TBFL was incorporated on February 25, 2022 under the provisions of the Act, and is a public limited company within the meaning of the Act having CIN U15400KA2022PLC158373. Its registered office is at Kirloskar Business Park, Block C, 3rd & 4th Floor, New Airport Road, Hebbal, Bangalore, Bangalore, Karnataka, India, 560024, Karnataka. TBFL is a wholly owned subsidiary of TCPL. The main objects of TBFL include, inter alia, to carry on the business of manufacturing, trading, producing, cultivating and selling beverages and foods of all kind and of cultivating coffee, tea, etc.

SCOPE AND PURPOSE OF THIS REPORT

We understand that the management of TCPL and TCL (hereinafter collectively referred to as the 'Management') are evaluating the following, pursuant to a Composite 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"):

1. A demerger of the Plantation Business of TCL into TBFL, a wholly owned subsidiary of TCPL;

2. An amalgamation of Remaining TCL with TCPL.

We understand that the Demerger and Amalgamation are being planned as all-share deals (together referred to as "Transaction"), which would involve issue of equity shares of TCPL to the minority shareholders of TCL. Further, the shareholding of TCPL in TCL post completion of the Transaction shall stand cancelled in accordance with the Proposed Scheme. We have been informed that the consideration for Demerger of Plantation Business of TCL into TBFL would be discharged by TCPL, which is the holding company of TBFL.

The Transaction is proposed to be carried out with effect from the appointed date, as specified in the Proposed Scheme.

For the aforesaid purpose, the Board of Directors of TCL and TCPL have appointed PwC BCS LLP and SSPA to submit a joint valuation report recommending the following::

a. Fair equity share entitlement ratio for the Demerger, based on the valuations of the Plantation Business of TCL and TCPL ("Entitlement Ratio") and

b. Fair equity share exchange ratio for the Amalgamation, based on the valuations of the Remaining TCL and TCPL ("Exchange Ratio")

PwC Business Consulting Services LLP

SSPA & CO. CHARTERED ACCOUNTANTS REGISTERED VALUER

(Entitlement Ratio and Exchange Ratio have together been referred to as 'Ratios')

The Ratios have been recommended for consideration of the Board of Directors (including Audit Committee and Committee of Independent Directors, as applicable) of the Companies, in accordance with the applicable relevant laws, rules and regulations of Securities and Exchange Board of India ("SEBI") and the relevant stock exchanges.

The report will be placed before the Audit Committees, Committee of Independent Directors and the Board of Directors of TCPL and TCL, and before the Board of Directors of TBFL, as applicable, as per the relevant SEBI circulars, and, to the extent mandatorily required under applicable laws of India, this report maybe produced before the judicial regulatory or governmental authorities, stock exchanges, shareholders in connection with the Transaction.

The scope of our services is to conduct a relative (and not absolute) valuation of the Plantation Business, the Remaining TCL and TCPL and to issue a joint report on the fair equity share entitlement / exchange ratio for the Transaction in accordance with the International Valuation standards / ICAI Valuation Standards 2018 ('ICAI VS 2018') issued by the Institute of Chartered Accountants of India ('ICAI').

The Valuers have been appointed severally and not jointly and have worked independently in their analysis and after arriving at a consensus on fair equity share entitlement / exchange ratios, are issuing this Valuation Report.

We have been provided with the historical carved out financial information of Plantation Business, Remaining TCL and TCPL. We have considered the same in our analysis and made adjustments for further facts made known (past or future) to us till the date of our report. The current valuation does not factor the impact of any event which is unusual or not in normal course of business, other than the events specifically mentioned in this report.

We have relied on the above while arriving at the fair Ratios for the Proposed Scheme.

For the purpose of this Report, the bases of value is 'Relative Value' and the valuation is based on 'Going Concern' premise. For the purpose of this valuation, March 28, 2022 has been considered as the 'Valuation Date'.

This report is our deliverable for the above engagement.

This report is subject to the scope, assumptions, exclusions, limitations, and disclaimers 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.

PwC Business Consulting Services LLP

SSPA & CO. Chartered Accountants
PSV
REGISTERED VALUER

BACKGROUND OF VALUERS

SSPA & Co., Chartered Accountants

SSPA is a partnership firm, located at 1st Floor, Arjun Building, Plot No. 6A, V. P. Road, Andheri (West), Mumbai - 400 058, India. SSPA is engaged in providing various corporate consultancy services.

SSPA is a firm of practicising Chartered Accountants registered with The Institute of Chartered Accountants of India ('ICAI'). SSPA is also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV-E/06/2020/126.

PwC Business Consulting Services LLP

PwC Business Consulting Services LLP is a limited liability partnership firm, with registered office at 11-A, Sucheta Bhawan, 1st Floor, Vishnu Digambar Marg, New Delhi, 110 002, India. PwC BCS LLP is engaged in providing valuation and related advisory services.

PwC BCS LLP is registered with the IBBI as a Registered Valuer for asset classes - 'Securities or Financial Assets' and 'Plant and Machinery' with Registration No. IBBI/RV-E/02/2022/158.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management and gathered from public domain:

- Draft Scheme of Arrangement;
- Standalone and Consolidated audited financial statements of TCPL for the fiscal years ending 31 March 2019, 2020 and 2021;
- Standalone and Consolidated limited reviewed financial results of TCPL for the 9-month period ended 31 Dec 2021 ("YTD Dec-21");
- Carved-out unaudited financial statements of the Plantation Business and Remaining TCL for the fiscal years ending 31 March 2019, 2020, 2021 and YTD Dec-21;
- Estimated segment-wise financials for 3 months ending 31 March 2022 and forecasted financials for the 3 fiscal years ending 31 March 2023, 2024, and 2025;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Discussions with the Management to inter-alia understand their perception of historical and expected future performance, macro-economic parameters and key value drivers affecting TCPL, and the Plantation Business and Remaining TCL;
- Market comparables and transactions, to the extent information on comparable companies/transactions is available in the public domain;
- General market data, including economic, governmental, and environmental forces, and industry information that may affect the Value;
- Other information and documents for the purpose of this engagement.

During the discussions with the Management of Companies, we have also obtained explanations and information considered reasonably necessary for our exercise. The Companies have been provided with the opportunity to review the draft report (excluding the recommended Ratios) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final 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 from the Management.
- Used data available in public domain related to the Companies and its peers.
- Discussions (physical/over call) with the Management to understand the business and fundamental factors that affect companies' earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.

PwC Business Consulting Services LLP

SSPA & CO. CHARTERED ACCOUNTANTS REGISTERED VALUER

- Research publicly available market data including economic factors and industry trends that may impact the valuation.
- Analysis of valuation multiples of comparable companies/comparable transactions using information available in public domain and / or proprietary databases subscribed by us or our network firms.
- Selection of well accepted valuation methodology/(ies) as considered appropriate by us.
- Arriving at relative values of Company / Specified Business in order to determine the fair equity share entitlement / exchange ratio for the Proposed Transaction.

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.

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 date of this report and (iii) and are based on the balance sheets as at 31 December 2021 of TCPL and the Specified Businesses. The Management has represented that the business activities of TCL (both Plantation Business and Remaining TCL) and TCPL have been carried out in the normal and ordinary course between 31 December 2021 and the report date and that no material adverse change has occurred in their respective operations and financial position between 31 December 2021 and the report date.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information till 28 March 2022, furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this report.

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, and the information made available to us. The report is issued on the understanding that the management of the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which have an impact on our opinion, on the fair equity share entitlement / exchange ratio for the Proposed Transaction as on the Valuation Date. We have considered only circumstances existing at the Valuation Date and events occurring up to the Valuation Date. Events and circumstance may have occurred since the Valuation date concerning the financial position of TCPL and the Specified Businesses or any other matter and such events or circumstances might be considered material by the Companies or any third party. We have taken into account, in our value analysis, such events and circumstances occurring after the Valuation Date as disclosed to us by the Companies, to the extent considered appropriate by us based on our professional judgment. Further, we have no responsibility to update the report for any events and circumstances occurring after the date of this report. Our valuation analysis was completed on a date subsequent to the Valuation Date and accordingly we have taken into account such valuation parameters and over such period, as we considered appropriate and relevant, up to a date close to such completion date.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuers and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions.

The determination of exchange 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. There is, therefore, no indisputable single entitlement / exchange ratio. While we have provided our recommendation of the equity share entitlement / exchange 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 fair equity share entitlement / exchange ratio. The final responsibility for the determination of the equity share entitlement / exchange ratio at which the Proposed Transaction shall take place will be with the Board of Directors who should take into account other factors such as their own assessment of the proposed Transaction and input of other advisors.

PwC Business Consulting Services LLP

SSPA & CO. CHARTERED ACCOUNTANTS REGISTERED VALUER

In the course of the valuation, we were provided with both written and verbal information, including market, technical, financial, and operating data. In accordance with the terms of our respective engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this report and (ii) the accuracy of information made available to us by the Companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy, or completeness, we have obtained information as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute an audit or review in accordance with the auditing standards applicable in India, accounting/ financial/ commercial/ legal/ tax/ environmental due diligence or forensic or investigation services and does not include verification or validation work. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Companies. 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 historical financials/ financial statements and projections. The assignment did not involve us to conduct any financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of TCPL or the Specified Businesses. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors 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 conclusions are based on the assumptions and information given by/on behalf of the Companies. The Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies, or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the report. Also, we assume no responsibility for technical information (if any) furnished by the Companies.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Companies. Our conclusion of value assumes that the assets and liabilities of the companies, reflected in their respective latest balance sheets remain intact as of the Valuation Report date.

We are not advisors with respect to legal, tax and regulatory matters for the Transaction.

This report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation of the Companies' claim to title of assets has been made for the purpose of this report and the Companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

We must emphasize that realizations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material.

We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on the information provided by the Companies in this regard.

We are independent of the Companies and have no current or expected interest in the Companies or its assets. The fee for the engagement is not contingent upon the results reported.

PwC Business Consulting Services LLP

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

We owe responsibility to only the Boards of Directors of the respective company that has appointed us under the terms of our respective engagement letters and nobody else. 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. In no circumstances shall the liability of a Valuer, its partners, its directors, or employees, relating to the services provided in connection with the engagement set out in this report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

This valuation report is subject to the laws of India.

Neither the valuation 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 Transaction, without our prior written consent. In addition, this report does not in any manner address the prices at which TCPL's equity shares will trade following consummation of the Transaction and we express no opinion or recommendation as to how the shareholders/ creditors of either Company should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Transaction. Our report and the opinion/ valuation analysis contained herein is not and nor should it be construed as advice relating to investing In, purchasing, selling, or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.

BACKGROUND OF COMPANIES

Tata Consumer Products Limited

The issued and subscribed equity share capital of TCPL as at 31 December 2021 is INR 921.55 million consisting of 92,15,51,715 equity shares of face value of INR 1 each. The shareholding pattern is as follows:

Shareholding Pattern as on 31-12-2021	No of Shares	% Share Holding
Promoter & Group	**31,96,29,733**	**34.69%**
Non-Promoter (Institutions)	35,97,85,522	39.04%
Non-Promoter (Others-public)	24,12,72,050	26.18%
Non-Promoter (Nonpublic)	8,64,410	0.09%
Total Non-Promoter[1]	**60,19,21,982**	**65.31%**
Grand Total	**92,15,51,715**	**100.0%**

Source: BSE filing (As at 31 December 2021)

Tata Coffee Limited

The current issued and subscribed equity share capital of TCL as at 31 December 2021 is INR 186.77 million consisting of 18,67,70,370 equity shares of face value of INR 1 each. The shareholding pattern is as follows:

Shareholding Pattern as on 31-12-2021	No of Shares	% Share Holding
Promoter & Group	10,73,59,820	57.48%
Non-Promoter (Institutions)	89,70,643	4.80%
Non-Promoter (Others-public)	7,04,39,907	37.72%
Total Non-Promoter	**7,94,10,550**	**42.52%**
Grand Total	**18,67,70,370**	**100.0%**

Source: BSE filing (As at 31 December 2021)

[1] We understand that TCPL has implemented a share based long term incentive scheme in 2021, pursuant to which certain performance share units (65,780 units) are granted. The exercise of such performance share units may result in an increase in the issued and paid up capital of TCPL.

PwC Business Consulting Services LLP

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

APPROACH - BASIS OF TRANSACTION

The Proposed Composite Scheme of Arrangement under the provisions of Section 230 to 232 of the Companies Act, 2013 contemplates a demerger of the Plantation Business of TCL into TBFL, a wholly owned subsidiary of TCPL; and amalgamation of Remaining TCL with TCPL.

Arriving at the fair equity share entitlement / exchange ratios for the proposed demerger of Plantation Business into TBFL, and the proposed amalgamation of Remaining TCL with TCPL, would require determining the relative equity valuation of the Plantation Business, Remaining TCL and TCPL, based on methodologies explained herein and various qualitative factors relevant to the Specified Businesses and TCPL.

The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach, for determining the relative fair value of equity shares of a company, which can be considered in the present valuation exercise, to the extent relevant and applicable, to arrive at the fair equity Share Entitlement / Exchange Ratio for the purpose of the Proposed Transaction, such as:

1. Asset Approach- Net Asset Value (NAV) Method
2. Income Approach
    - Discounted Cash Flow (DCF) Method
3. Market Approach
    - Market Price Method
    - Comparable Companies Multiples (CCM) Method
    - Price of Recent Investment Method

It should be understood that the valuation of any company or its assets is inherently imprecise 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 Companies, and other factors which generally influence the valuation of companies and their assets.

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 transactions 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.

Asset Approach - Net Asset Value 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. This valuation approach is mainly used in cases where the firm is to be liquidated i.e., it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. A Scheme of amalgamation / demerger would normally be proceeded with, on the assumption that the companies/ business would continue as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation / demerger, with the values arrived at on the net asset basis being of limited relevance.

The above assertions would hold true for asset heavy businesses such as Plantation as well. Considering the extent of land involved and their end use restrictions, portion of land not cultivable, etc. any potential prudent buyer of the entire land parcel would not pay a price higher than that based on the earning capacity from such lands by operating Plantations. Conversely, if the land parcels were to be sold piecemeal, there are significant costs, both direct (in terms of time, effforts and costs of sale) and indirect (closure costs for the business on piece-meal land sale). Hence the underlying asset value has limited relevance for this exercise.

PwC Business Consulting Services LLP

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

Income Approach

Income approach is a valuation approach that converts maintainable or future amounts (e.g., Cash flows or income and expenses) to a single current (i.e., discontinued or capitalised amount). This value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

- **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/ business that are available to all providers of the companies'/ business' 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/ business. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

Market Approach: Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as business

- **Market Price (MP) 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 amalgamation / 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.

- **Comparable Companies Multiple (CCM) method**

  Under this method, value of a business / 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 and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

- **Price of Recent Investment ('PRI') method**

  Where there has been any recent investment in the investee company, the price of that investment provides a basis of the valuation of the investment at fair value, subject to the changes or events subsequent to the relevant transaction, at each reporting date. If there are any indications of change in the fair value of the investee company after the investment, a suitable adjustment to PRI may be considered.

Out of the above methods, the Valuers have used approaches / methods, as considered appropriate by them respectively.

PwC Business Consulting Services LLP

SSPA & CO. CHARTERED ACCOUNTANTS REGISTERED VALUER

BASIS OF FAIR EQUITY SHARE ENTITLEMENT RATIO - DEMERGER

The basis of demerger of the Plantation Business into TBFL has been determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value for Demerger. It is important to note that we are not attempting to arrive at the absolute equity values of TCPL, and Plantation Business of TCL, but at their relative values to facilitate the determination of a fair equity share entitlement ratio for Demerger . For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

We have considered appropriate weights to values arrived at under Income and Market Approaches.

Under the Market Approach we have relied on the CCM method / Market Price method. Considering that the traded share price of TCL reflects the value of company as a whole, rather than the value of individual business, valuing the Plantation Business under the Market Price method is not feasible.

The fair equity share entitlement ratio has been arrived at on the basis of a relative equity valuation (on a per share basis) of TCPL and the Plantation Business of TCL based on the various methodologies explained herein earlier and various qualitative factors relevant to each business and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions, and limitations.

Our recommendation of fair equity share entitlement ratio for the Demerger is in accordance with ICAI Valuation Standards, 2018 issued by the ICAI / International Valuation Standards.

The computation of fair equity share entitlement ratio as derived by PwC BCS LLP for demerger of Plantation Business into TFBL, is given below:

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

The computation of fair equity share entitlement ratio as derived by SSPA for demerger of Plantation Business into TFBL, is given below:

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

**Since, the business of TCPL and Plantation Business are both intended to be continued on a 'going concern basis' and there is no intention to dispose off the assets, therefore the Asset (Cost) Approach is not addopted for the present valuation exercise*

PwC Business Consulting Services LLP

SSPA & CO. REGISTERED VALUER CHARTERED ACCOUNTANTS

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the fair equity share entitlement ratio for the demerger of Plantation Business into TFBL as under:

1 (One) equity share of TCPL (of INR 1/- each fully paid up) for every 22 (Twenty Two) equity shares of TCL (of INR 1/- each fully paid up).

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO - AMALGAMATION

The basis of amalgamation of Remaining TCL with TCPL has been determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value for Amalgamation. It is important to note that we are not attempting to arrive at the absolute equity values of TCPL and Remaining TCL but at their relative values to facilitate the determination of a fair equity share exchange ratio for Amalgamation. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

We have considered appropriate weights to the values arrived at under Income and Market Approaches.

Under the Market Approach we have relied on the CCM method / Market Price method. Considering that the traded share price of TCL reflects the value of company as a whole, rather than the value of individual business, valuing the Remaining TCL under the Market Price method is not feasible.

The fair equity share exchange ratio has been arrived at on the basis of a relative equity valuation (on a per share basis) of TCPL and Remaining TCL based on the various methodologies explained herein earlier and various qualitative factors relevant to each business and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions, and limitations.

Our recommendation of fair equity share exchange ratio for the Amalgamation is in accordance with ICAI Valuation Standards, 2018 issued by the ICAI / International Valuation Standards.

The computation of the fair equity share exchange ratio as derived by PwC BCS LLP for amalgamation of Remaining TCL with TCPL, is given below:

Valuation Approach	TCPL		Remaining 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 - CCM Method	754.26 720.67	24% 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

PwC Business Consulting Services LLP

SSPA & CO. ★ CHARTERED ACCOUNTANTS ★ REGISTERED VALUER

The computation of the fair equity share exchange ratio as derived by SSPA for amalgamation of Remaining TCL with TCPL, is given below:

Valuation Approach	**TCPL**		**Remaining 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 - CCM Method	726.06 -	50% -	- 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
**Since, the business of TCPL and Plantation Business are both intended to be continued on a 'going concern basis' and there is no intention to dispose off the assets, therefore the Asset (Cost) Approach is not addopted for the present valuation exercise*

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the fair equity share exchange ratio for the amalgamation of Remaining TCL with TCPL as under:

14 (Fourteen) equity shares of TCPL (of INR 1/- each fully paid up) for every 55 (Fifty Five) equity shares of TCL (of INR 1/- each fully paid up).

Respectfully submitted,

PwC Business Consulting Services LLP IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158 Vishnu Giri Partner Registered Valuer No.: IBBI/RV/02/2021/14260 Date: 29 March 2022 Place: Mumbai	For SSPA & CO., Chartered Accountants ICAI Firm Registration No.: 128851W IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126 Parag S. Ved Parag Ved Partner ICAI Membership No: 102432 Registered Valuer No.: IBBI/RV/06/2018/10092 UDIN: 22102432AFVDYX6286 Date: 29 March 2022 Place: Mumbai