

Tata Global Beverages Limited (Revised)

May 24, 2019

Rated Instrument

Facilities	Amount (Rs. crore)	Outstanding Rating ¹
Short Term - Commercial Paper [^]	715 (Seven Hundred and Fifteen crore only)	CARE A1+ [A One Plus]

[^] Total borrowing under CP and fund based facilities from banks to remain within an overall limit of Rs. 715 crore.

Material Event

On May 15, 2019 Tata Global Beverages Limited (TGBL) announced that it would acquire the Consumer Products business of Tata Chemicals Limited (TCL) through an all-equity deal whereby TCL shareholders will be entitled to receive 1.14 shares of TGBL for one share of TCL. The proposed scheme of arrangement has been approved by the Board of Directors of TGBL and TCL and is subject to approval from National Company Law Tribunal (NCLT) and other regulatory bodies. The above transaction is likely to be completed by Q4FY20/Q1FY21. Post the transaction, TGBL shall be renamed as TATA Consumer Products Limited.

Update on material event

The consumer products business of TCL consists majorly of two main brands - TATA Salt (common salt) and TATA Sampann (umbrella brand for pulses, spices, protein foods, nutri-supplements) and constitutes 16% of the consolidated revenue of TCL (Rs. 1847 crore as on March 31, 2019).

The resulting entity is expected have a combined provisional revenue of Rs. 9099 crore and EBIDTA Margins of 12.7% for FY19. TGBL is expected to benefit from synergies in distribution which is expected to help deepen the market reach and other cost synergies and optimization of infrastructure.

Liquidity

Company's liquidity indicators are strong supported by stable cash accruals and high cash balances and liquid investments. TGBL holds cash & bank balance and liquid investments in mutual funds to the tune of around Rs. 1862 crores against total debt of Rs. 1141.1 crore as on march 31, 2019 on a consolidated basis. Of the overall approved working capital limit of Rs. 715 crore, utilization remained below 5% for past 12 months ended May 2019.

The detailed press release on TGBL is available here : [Click here Detailed rating rationale is available on www.careratings.com](#)

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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