

May 22, 2019

Tata Global Beverages Limited - Update on Material Event

Summary of Rated Instrument

Instrument	Rated Amount (Rs. crore)	Rating Outstanding
Long-term debt (including non-convertible debentures)	350.00	[ICRA]AA+ (Stable)
Fund-based working capital limits#	400.00	[ICRA]AA+ (Stable)/ [ICRA]A1+
Non-fund based limits	24.00	[ICRA]A1+
Short-term debt (including Commercial Paper)*	715.00	[ICRA]A1+
Total	1489.00	

#Long-term fund-based limits can also be utilised as short-term fund based limits, wherein the short-term rating of [ICRA]A1+ would be applicable;

* 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 consumer products business comprises sourcing, packaging, marketing, distribution and sales of salt under the brand 'Tata Salt', and spices, pulses and other food products under the brand 'Tata Sampann'. The proposed acquisition has been approved by the Boards of Directors of TGBL and TCL and is subject to necessary statutory and regulatory approvals. Post conclusion of the transaction, TGBL would be renamed as Tata Consumer Products Limited.

Impact of the Material Event

ICRA notes that with the proposed acquisition, TGBL would be able to diversify its cash flows and expand its product basket in the fast moving consumer goods market, in addition to benefits arising from synergies on supply chain and better economies of scale. The ratings remain unchanged at [ICRA]AA+(Stable)/[ICRA]A1+.

The previous detailed rating rationale is available on the following link: [Click here](#)

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