

**Q2FY24 Performance**

- Consolidated revenue from operations grew 11% YoY to ₹3,733 crs driven by strong growth in India business. Consolidated EBITDA grew 24% YoY to ₹527 crs
- EBITDA margin expanded 220bps, mainly driven by an improvement in International and non-branded business. PAT grew 1.2% YoY to ₹359 crs.
- For the quarter, the India Packaged Beverages business delivered 8% revenue growth and 3% volume growth. Both Tata Tea Premium and Tata Tea Agni recorded strong volume growth during the quarter.

**Important Statistics**

<b>Nifty</b>	19,392
<b>Sensex</b>	64,842
<b>M.CAP (₹ cr)</b>	₹85,246
<b>52 Week H/L (₹)</b>	₹928/₹685
<b>NSE Code</b>	TATACONSUM
<b>BSE Code</b>	500800
<b>Bloomberg Code</b>	TATACONS:IN

<b>Shareholding pattern (%) Sep'23</b>	
Promoter	34.42
FII's	25.27
DII's	16.87
Public & Others	23.44

**Key takeaways from Q2FY24 result**

- **India Tea + Foods Business:**
  - India beverages revenues grew 8% yoy, with tea volume growth of 3% YoY. The India business EBITDA grew 11% YoY. EBITDA margin at 15.7% was in line with last year. The company continued to retain market leadership in tea in the E-commerce channel for the 30<sup>th</sup> consecutive month. **Coffee continued its strong performance with a revenue growth of 17% YoY.** Premium brands outperformed popular and economy brands.
  - **The India Foods** business delivered 16% revenue growth and 6% volume growth. The salt portfolio continued its strong momentum and recorded 8% revenue growth during the quarter on a high base of last year (27%). The contribution from brands outside the classic Tata Salt (Orange bag) improved, accounting for over 10% of the salt business during the quarter.
  - **Tata Sampann** portfolio recorded a growth of 47% YoY, with robust volume growth. The pulses and staples command a 30% share in the e-com channel. Dry fruits had yet another strong quarter growing +70%.
  - **NourishCo (ready to drink)** business, recorded revenue growth of 25% to ₹172 crs during the quarter despite adverse weather conditions. Profitability improved significantly YoY led by cost controls and operating leverage. Himalayan, now positioned as a provenance brand, forayed into the premium Kashmiri saffron segment with a grade 1 offering. Each Pack comes with proof of quality and purity, a first in this trust-deficit category. NourishCo primarily catered to AP, Telangana, Odisha and Tamil Nadu at the time of acquisition. Tata Copper+ continued to record strong growth (48% YoY). Despite current scale and reach, TCPL's market share in bottled water (Tata Copper+, 35-40% mix) is still below mid-single digits, implying sufficient headroom to improve productivity of current reach.
  - **Tata Soulfull** had another strong quarter and entered new categories with exciting new launches, expanding its Total Addressable Market. It launched Nutri Drink+ a smoothie mix with the goodness of 6 natural grains with variants for kids and adults

**Relative Performance**

Return (%)	1 Yr	3Yr	5 Yr
<b>Tata Cons</b>	<b>19</b>	<b>22</b>	<b>34</b>
<b>Nifty 50</b>	6.5	58.1	82.9
<b>Sensex</b>	5.9	54.8	84.0

Source: Company, Way2Wealth Research

**Ashwini Sonawane**

ashwinisonawane@way2wealth.com  
91-22-4019 2913


 7<sup>th</sup> November 2023

CMP – ₹917.9/-

 View – **ADD on Dips**

- **Tata Coffee (inc Vietnam ex EOC) (58% subsidiary)** – Revenue for the quarter grew 1% YoY constant currency led by the extractions business. The plantations business recorded a revenue decline of 11%, primarily led by lower coffee volumes.
- **International Business:**
  - International business recorded 13% revenue growth (8% constant currency) with EBIT growth of 60%. EBITDA margin expanded 330bps to 12.4%, mainly driven by pricing interventions and savings from restructuring.
  - All three of brands in the UK – Tetley, Good Earth, and teapigs gained value market share during the quarter. Share in the F&H tea category in the UK reached 10% in the month of Sep'23 (8.2% on a MAT basis). UK business Revenue for the quarter grew 13% in CC terms.
  - USA coffee (EOC) revenue declined 10% YoY
- **Tata Starbucks (JV):**
  - Revenue for the quarter grew 14% YoY and added 22 net new stores during the quarter taking net new stores added to 37 in H1FY24 (total stores 370). Store profit contribution remained steady, and the business remained EBIT positive even as company is rapidly expanded store network.
- **Growth Outlook:**
  - Management will continue to focus on double-digit revenue growth and improved EBITDA margins, which will mainly be led by the growth businesses.
- **Others:**
  - The company expanded its total reach to 3.8m outlets as of Sep'23.
  - Management is witnessing stable demand trends in India business and remains cautiously optimistic going ahead.

7<sup>th</sup> November 2023

CMP – ₹917.9/-

View – **ADD on Dips**

**Story in charts**

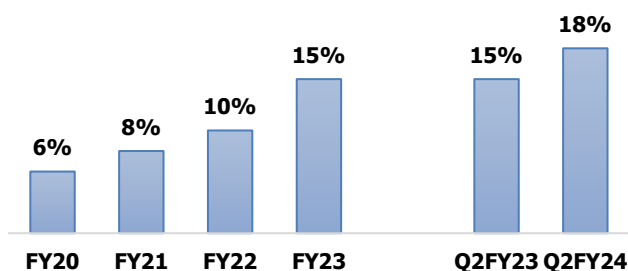
**Key Business Snapshot (Q2FY24)**

₹ Cr (unless specified)	India Beverages	India Foods	US Coffee	International Tea*	Tata Coffee (incl. Vietnam)	Consolidated
Revenue	1,337	1,066	350	600	348	3,734
Revenue growth	8%	16%	-7%	30 (16%)	2%	11% (9%)
Constant currency growth			-10%	23% (8)	1%	10% (8%)
Volume Growth	3%	6%	-13%	15% (-5%)	-9%	

Source: Company, Way2Wealth Research

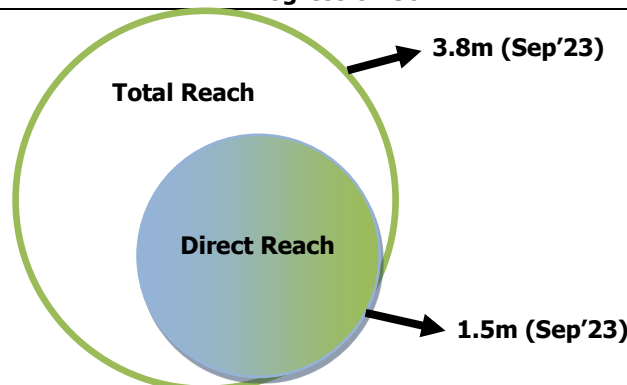
**Growth businesses grew 58% YoY in Q2FY24**

**Growth Businesses as % of India Branded Business**



Source: Company, Way2Wealth

**Progress on S&D**



**Risks**

- Inflation in raw material prices
- Slowdown in the economy

**View**

TCPL's tea and salt brands occupy leadership positions in their respective categories. Focus on new growth engines such as Tata Sampann, NourishCo, Tata Soufull and the ready- to-eat/ready-to-consume business (Tata Smartfoodz); and rapidly scaling up its distribution network along with digitization prowess across the supply chain will drive the next leg of growth. FY24 is likely to be better with Q2FY24 showing good improvement

**Given quality play, at the current price of ₹918 it is trading at P/E 81.9x to TTM EPS of ₹11.2 We continue to maintain our positive on stock and advice investors to ADD on dips for the long term.**

7<sup>th</sup> November 2023

CMP – ₹917.9/-

 View – **ADD on Dips**
**Quarterly Performance**

(₹ Cr)

Particulars	Q2FY24	Q2FY23	VAR	Q1FY24	VAR	H1FY24	H1FY23	VAR
<b>Net Sales</b>	<b>3733.8</b>	<b>3363.1</b>	<b>11.0%</b>	<b>3741.2</b>	<b>-0.2%</b>	<b>7475.0</b>	<b>6689.9</b>	<b>11.7%</b>
Other Income	89.8	29.3	206.5%	57.8	55.5%	147.6	64.7	128.3%
<b>TOTAL INCOME</b>	<b>3823.6</b>	<b>3392.4</b>	<b>12.7%</b>	<b>3799.0</b>	<b>0.6%</b>	<b>7622.6</b>	<b>6754.5</b>	<b>12.9%</b>
Total Raw Material Cost	2146.9	1959.2	9.6%	2163.3	-0.8%	4310.2	3868.3	11.4%
Cost of Raw Material & Components Consumed	1348.9	1327.3	1.6%	1469.9	-8.2%	2818.8	2687.8	4.9%
(Increase)/ Decrease in Inventories	-8.6	-45.6	-81.2%	38.7	-122.1%	30.2	-190.4	-115.8%
Purchase of Traded Goods	806.6	677.5	19.1%	654.7	23.2%	1461.2	1371.0	6.6%
<i>Total Raw Material Cost % to Sales</i>	<i>57.5%</i>	<i>58.3%</i>	<i>-1.3%</i>	<i>57.8%</i>	<i>-0.6%</i>	<i>57.7%</i>	<i>57.8%</i>	<i>-0.3%</i>
Employee Cost	304.2	273.8	11.1%	295.8	2.8%	599.9	551.3	8.8%
<i>Employee Cost % to Sales</i>	<i>8.1%</i>	<i>8.1%</i>	<i>0.0%</i>	<i>7.9%</i>	<i>3.0%</i>	<i>8.0%</i>	<i>8.2%</i>	<i>-2.6%</i>
Other Expenses	745.6	696.2	7.1%	737.1	1.2%	1482.7	1379.2	7.5%
<i>Other Expenses % of Sales</i>	<i>20.0%</i>	<i>20.7%</i>	<i>-3.5%</i>	<i>19.7%</i>	<i>1.4%</i>	<i>19.8%</i>	<i>20.6%</i>	<i>-3.8%</i>
<b>TOTAL EXPENDITURE</b>	<b>3196.7</b>	<b>2929.2</b>	<b>9.1%</b>	<b>3196.2</b>	<b>0.0%</b>	<b>6392.9</b>	<b>5798.7</b>	<b>10.2%</b>
<b>EBIDTA</b>	<b>537.1</b>	<b>433.8</b>	<b>23.8%</b>	<b>545.0</b>	<b>-1.5%</b>	<b>1082.1</b>	<b>891.1</b>	<b>21.4%</b>
<i>EBIDTA Margin %</i>	<i>14.4%</i>	<i>12.9%</i>		<i>14.6%</i>		<i>14.5%</i>	<i>13.3%</i>	
Finance Costs	27.6	19.6	41.0%	26.2	5.1%	53.8	35.8	50.2%
<b>PBDT</b>	<b>599.4</b>	<b>443.6</b>	<b>35.1%</b>	<b>576.6</b>	<b>4.0%</b>	<b>1175.9</b>	<b>920.0</b>	<b>27.8%</b>
Depreciation, Ammortization & Impairment	93.9	73.1	28.4%	82.0	14.6%	175.9	146.1	20.4%
<b>PBT before Exceptional Items</b>	<b>505.4</b>	<b>370.5</b>	<b>36.4%</b>	<b>494.6</b>	<b>2.2%</b>	<b>1000.0</b>	<b>773.9</b>	<b>29.2%</b>
Exceptional Items	14.6	-111.2	-113.1%	5.2	182.9%	19.8	-87.3	-122.6%
<b>PBT after Exceptional Items</b>	<b>490.8</b>	<b>481.7</b>	<b>1.9%</b>	<b>489.4</b>	<b>0.3%</b>	<b>980.3</b>	<b>861.2</b>	<b>13.8%</b>
Tax	131.7	126.7	3.9%	130.9	0.6%	262.6	229.7	14.3%
<i>Tax Rate %</i>	<i>26.8%</i>	<i>26.3%</i>	<i>2.0%</i>	<i>26.7%</i>	<i>0.3%</i>	<i>26.8%</i>	<i>26.7%</i>	<i>0.4%</i>
<b>Reported Profit After Tax</b>	<b>359.1</b>	<b>355.0</b>	<b>1.2%</b>	<b>358.6</b>	<b>0.2%</b>	<b>717.7</b>	<b>631.5</b>	<b>13.7%</b>
Minority Interest After NP			-			0.0	0.0	-
Profit/Loss of Associate Company & JV	4.7	34.5	-86.2%	-20.9	-122.7%	-16.1	34.7	-146.5%
<b>Net Profit after Minority Interest &amp; P/L Asso.Co.</b>	<b>363.9</b>	<b>389.4</b>	<b>-6.6%</b>	<b>337.7</b>	<b>7.7%</b>	<b>701.6</b>	<b>666.2</b>	<b>5.3%</b>
<i>PAT Margin %</i>	<i>9.7%</i>	<i>11.6%</i>		<i>9.0%</i>		<i>9.4%</i>	<i>10.0%</i>	
Other Comprehensive Income (net of tax)	-39.2	-221.9	-82.3%	45.1		5.9	-308.0	-101.9%
<b>Total Comprehensive Income</b>	<b>324.7</b>	<b>167.6</b>	<b>93.8%</b>	<b>382.8</b>	<b>-15.2%</b>	<b>707.5</b>	<b>358.2</b>	<b>97.5%</b>
Basic:								
<b>EPS</b>	<b>3.64</b>	<b>3.56</b>	<b>2.2%</b>	<b>3.41</b>		<b>7.05</b>	<b>6.33</b>	<b>11.4%</b>
Equity	92.9	92.9		92.9		92.9	92.9	
Face Value	1.0	1.0		1.0		1.0	1.0	

Source: Company, Way2wealth Research

7<sup>th</sup> November 2023

CMP – ₹917.9/-

 View – **ADD on Dips**
**Segmental Performance**

Particulars	Q2FY24	Q2FY23	VAR	Q1FY24	VAR	H1FY24	H1FY23	VAR
<b>REVENUES</b>								
India Business	2,404.1	2,160.0	11.3%	2,477.9	-3.0%	4,882.0	4,305.2	13.4%
<i>% Mix</i>	<i>64.2%</i>	<i>64.1%</i>		<i>66.1%</i>		<i>65.2%</i>	<i>64.2%</i>	
International Business	949.7	838.9	13.2%	894.8	6.1%	1,844.6	1,675.5	10.1%
<i>% Mix</i>	<i>25.4%</i>	<i>24.9%</i>		<i>23.9%</i>		<i>24.6%</i>	<i>25.0%</i>	
<b>Total Branded Business</b>	<b>3,353.81</b>	<b>2,998.82</b>	<b>11.8%</b>	<b>3,372.75</b>	<b>-0.6%</b>	<b>6,726.56</b>	<b>5,980.64</b>	<b>12.5%</b>
<b>Non-Branded Business</b>	<b>388.28</b>	<b>371.8</b>	<b>4.4%</b>	<b>377.05</b>	<b>3.0%</b>	<b>765.3</b>	<b>723.5</b>	<b>5.8%</b>
<b>Total Segment Revenue</b>	<b>3,742.1</b>	<b>3,370.6</b>	<b>11.0%</b>	<b>3,749.8</b>	<b>-0.2%</b>	<b>7,491.9</b>	<b>6,704.1</b>	<b>11.8%</b>
Add : Other Unallocable Income	14.9	13.7	8.6%	11.0	35.5%	42.9	21.1	103.1%
Less : Inter Segment Sales	23.2	(21.3)	-209.0%	19.6	18.5%	42.8	(7.2)	-695.8%
<b>Net Revenue from Operations</b>	<b>3,733.8</b>	<b>3,363.1</b>	<b>11.0%</b>	<b>3,741.2</b>	<b>-0.2%</b>	<b>7,492.0</b>	<b>6,732.4</b>	<b>11.3%</b>
<b>Profit/Loss Before Interest and Tax</b>								
India Business	330.6	307.7	7.5%	328.5	0.7%	659.1	580.8	13.5%
<i>Margin %</i>	<i>9.9%</i>	<i>10.3%</i>		<i>9.7%</i>		<i>9.8%</i>	<i>9.7%</i>	
International Business	95.8	59.7	60.5%	115.8	-17.3%	211.6	164.2	28.9%
<i>Margin %</i>	<i>2.9%</i>	<i>2.0%</i>		<i>3.4%</i>		<i>3.1%</i>	<i>2.7%</i>	
<b>Total Branded Business</b>	<b>426.4</b>	<b>367.4</b>	<b>16.1%</b>	<b>444.3</b>	<b>-4.0%</b>	<b>870.7</b>	<b>745.0</b>	<b>16.9%</b>
<b>Non-Branded Business</b>	<b>57.11</b>	<b>29.98</b>	<b>90.5%</b>	<b>49.95</b>	<b>14.3%</b>	<b>107.1</b>	<b>69.4</b>	<b>54.3%</b>
<b>Total Segment Results</b>	<b>483.5</b>	<b>397.4</b>	<b>21.7%</b>	<b>494.2</b>	<b>-2.2%</b>	<b>977.8</b>	<b>814.4</b>	<b>20.1%</b>
Less : Interest	27.6	19.6	41.0%	26.2	5.1%	53.8	35.8	50.2%
Less: Other Un-allocable Expenditure	8.8	32.8	-73.2%	28.8	-69.4%	37.6	63.2	-40.6%
Add : Other Income	58.3	25.4	129.3%	55.4	5.2%	113.6	58.5	94.1%
Less: Extra-Ordinary Income/Expense	14.6	111.2	-86.9%	5.2	182.0%	19.7	87.0	-77.3%
<b>Net Profit/Loss Before Tax</b>	<b>490.9</b>	<b>481.7</b>	<b>1.9%</b>	<b>489.4</b>	<b>0.3%</b>	<b>980.3</b>	<b>860.9</b>	<b>13.9%</b>

Source: Company, Way2wealth Research

**Disclaimer**

**Analyst Certification:** I, Ashwini Sonawane, the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Ashwini Sonawane, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not constitute to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

**Disclosure of Interest Statement Marico Ltd. as on 7<sup>th</sup> November 2023**

Name of the Security	Tata Consumer Products Ltd.
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.