

12<sup>th</sup> February 2024

CMP – ₹1131/-

View – Accumulate on Dips

**Q3FY24 Performance**

- Consolidated revenue from operations grew 9.5% YoY to ₹3,804crs driven by growth across all businesses. 4 year revenue CAGR stood at 11% in Q3FY24
- Consolidated EBITDA grew 26% YoY to ₹527crs. EBITDA margin expanded 190bps, mainly driven by an improvement in profitability across businesses.
- Profit before exceptional item (cost related to amalgamation, acquisition and reorganization) for the quarter at ₹513crs was higher by 27%. Consolidated net profit declined ~14% YoY to ~₹316crs due to exceptional items and lower share of profits from associates and joint ventures.1.2%
- EBITDA margin expansion was on account of pricing interventions in most of international markets, softening of commodity costs, and strong operating cost controls. However, it partly offset by adverse performance of JV's & Associates.
- For the quarter, the India Packaged Beverages business delivered 8% revenue (₹1,311crs) growth and 2% volume growth.
- Following all the necessary regulatory approvals, the merger of Tata Coffee with Tata Consumer Products has become effective from 1<sup>st</sup> Jan 2024.

**Important Statistics**

<b>Nifty</b>	21,664
<b>Sensex</b>	71,236
<b>M.CAP (₹ crs)</b>	₹1,07,666
<b>52 Week H/L (₹)</b>	₹1216/₹685
<b>NSE Code</b>	TATACONSUM
<b>BSE Code</b>	500800
<b>Bloomberg Code</b>	TATACONS:IN

<b>Shareholding pattern (%)</b>	<b>Dec'23</b>
Promoter	33.56
FIIIs	25.51
DIIs	16.89
Public &Others	24.03

**Key takeaways from Q3FY24 result**

- **India Tea + Foods Business:**
  - India beverages revenues grew 8% YoY, with tea volume growth of 2% YoY. The India business EBITDA grew 22% YoY. EBITDA margin expanded 170bps to 17.4%. The company continued to retain market leadership in tea in the E-commerce channel for the 33<sup>rd</sup> consecutive month. **Coffee continued its strong performance with a revenue growth of 32% YoY.** Premium and sub-premium segments outperformed popular and economy brands.
  - **The India Foods** business delivered 13% revenue growth and 5% volume growth. The salt portfolio continued its strong momentum and recorded 6% revenue growth driven by volume growth of 5% and premiumisation. The value added salts grew 23% YoY in Q3FY24. Salt also saw its highest ever quarterly volume market share in Q3FY24 with categories like pulses and POha registering their highest ever sales.
  - **Tata Sampann** portfolio recorded a growth of 40% YoY, with robust volume growth. The 4-year revenue CAGR for Tata Sampann in Q3FY24 stands at 29%. Dry fruits has yet another quarter of strong growth of ~70%
  - **NourishCo (ready to drink)** business, recorded strong revenue growth of 24% to ₹159crs. Both, Value business (Tata Gluco+ and Tata Copper+) as well as Premium business (Himalayan) grew strongly during the quarter. Profitability improved significantly YoY led by cost controls and operating leverage. Water (Tata Copper+, 35-40% mix) witnessed strong growth of 50% n Q3
- **Tata Coffee (inc Vietnam ex EOC) (58% subsidiary)** – Revenue for the quarter grew 3% YoY constant currency led by the plantation business. The plantations business recorded a revenue decline of 44%, primarily led by higher coffee realisation. Overall revenue for extraction business declined 3% YoY; however margins saw a significant improvement.
- The merger of Tata Coffee with Tata Consumer Products (TCPL) is completed with effective date being 1<sup>st</sup> Jan 2024. This is in line with company's strategic priority to unlock synergies while simplifying and streamlining businesses.

**Relative Performance**

<b>Return (%)</b>	<b>1 Yr</b>	<b>3Yr</b>	<b>5 Yr</b>
<b>Tata Cons</b>	<b>58</b>	<b>86</b>	<b>508</b>
<b>Nifty 50</b>	21	43	101
<b>Sensex</b>	18	38	98

Source: Company, Way2Wealth Research

**Ashwini Sonawane**

ashwinisonawane@way2wealth.com  
91-22-4019 2913


 12<sup>th</sup> February 2024

CMP – ₹1131/-

 View – **Accumulate on Dips**

 ➤ **International Business:**

- International business recorded 6% revenue growth constant currency terms with EBITDA growth of 16% CC. EBITDA margin expanded 130bps to 12.7%, mainly driven by softening of input costs
- EBITDA for the non-branded business grew 54% (CC). EBITDA margin expanded 520bps mainly due to better realisation
- UK business saw revenue growth of 14% CC terms. Brands like Good Earth, and teapigs continue to deliver strong growth.
- USA coffee (EOC) revenue declined 8% YoY in CC terms and revenue for Canada region was flat YoY.

 ➤ **Commodity Movement:**

- Arabica prices for the quarter saw a sharp uptick from last quarter's lows on the back of tight global supplies. Prices continued to inflate into the new year.
- Robusta prices followed a similar trajectory. There was a steep uptick in prices towards the end of the quarter continuing into Jan'24. Averages prices for the quarter are over 30% higher YoY.
- North India tea prices remained stable YoY while South India tea prices were lower by 10% YoY

 ➤ **Tata Starbucks (JV):**

- Revenue for the quarter grew 7% YoY and added 22 net new stores during the quarter taking net new stores added to 59 in 9MFY24 (total stores 392).

 ➤ **Others:**

- Company expanded its total reach to 3.9mn outlets as of Dec'23.
- Modern trade & e-commerce recorded good momentum and continue to be instrumental to growth agenda.
- Recently the company has announced two acquisitions- Capital Foods and Organic India, which will enable to expand the total addressable market into high-growth, high-margin spaces. Both these businesses are gross margin accretive, and see potential to drive significant revenue and cost synergies over the medium term.

12<sup>th</sup> February 2024

CMP – ₹1131/-

View – **Accumulate on Dips**

**Key Business Snapshot (Q3FY24)**

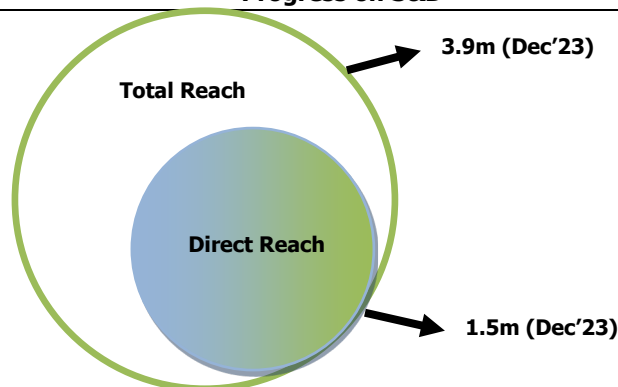
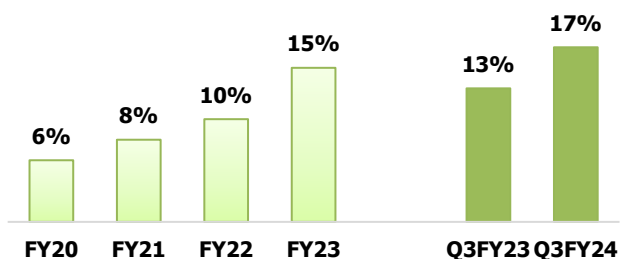
Q3FY24	India Beverages	India Foods	US Coffee	International Tea*	Tata Coffee (incl. Vietnam)	Consolidated
Revenue (cr)	1,311	1,062	357	671	376	3,804
Revenue growth	8%	13%	-6%	22%	3%	9%
Constant currency growth			-8%	16%	3%	8%
Volume Growth	2%	5%	-1%	10%	6%	

Source: Company, Way2Wealth Research

**Growth businesses grew 17% YoY in Q3FY24**

**Progress on S&D**

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



Source: Company, Way2Wealth

**Risks**

- Inflation in raw material prices
- Slowdown in the economy

**View**

In Q3FY24, the company has delivered another strong quarter of top line growth with significant EBITDA margin expansion. India and International branded business grew in double-digits during the quarter.

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. **Given quality play, at the current price of ₹1131 it is trading at a premium valuation (P/E 99.2x to TTM EPS of ₹11.4) We continue to maintain our positive on stock and advice investors to Accumulate on dips for the long term.**

12<sup>th</sup> February 2024

CMP – ₹1131/-

 View – **Accumulate on Dips**
**Quarterly Performance**

(₹ Cr)

	Q3FY24	Q3FY23	VAR	Q2FY24	VAR	9MFY24	9MFY23	VAR
<b>Net Sales</b>	<b>3803.9</b>	<b>3474.6</b>	<b>9.5%</b>	<b>3733.8</b>	<b>1.9%</b>	<b>11278.9</b>	<b>10164.4</b>	<b>11.0%</b>
Other Operating Income	0.0	0.0	-	0.0	-	0.0	0.0	-
<b>Total Operating Income</b>	<b>3803.9</b>	<b>3474.6</b>	<b>9.5%</b>	<b>3733.8</b>	<b>1.9%</b>	<b>11278.9</b>	<b>10164.4</b>	<b>11.0%</b>
Other Income	59.6	48.9	21.8%	89.8	-33.7%	207.2	113.6	82.4%
<b>TOTAL INCOME</b>	<b>3863.5</b>	<b>3523.5</b>	<b>9.7%</b>	<b>3823.6</b>	<b>1.0%</b>	<b>11486.1</b>	<b>10278.0</b>	<b>11.8%</b>
Total Raw Material Cost	2137.8	2032.0	5.2%	2146.9	-0.4%	6448.0	5900.3	9.3%
Cost of Raw Material & Components Consumed	1345.2	1350.5	-0.4%	1348.9	-0.3%	4164.0	4038.3	3.1%
(Increase)/ Decrease in Inventories	56.2	-24.0	-334.5%	-8.6	-757.7%	86.4	-214.4	-140.3%
Purchase of Traded Goods	736.4	705.5	4.4%	806.6	-8.7%	2197.6	2076.5	5.8%
<i>Total Raw Material Cost % to Sales</i>	<i>56.2%</i>	<i>58.5%</i>	<i>-3.9%</i>	<i>57.5%</i>	<i>-2.3%</i>	<i>57.2%</i>	<i>58.0%</i>	<i>-1.5%</i>
Employee Cost	317.4	283.0	12.2%	304.2	4.4%	917.3	834.3	10.0%
<i>Employee Cost % to Sales</i>	<i>8.3%</i>	<i>8.1%</i>	<i>2.4%</i>	<i>8.1%</i>	<i>2.4%</i>	<i>8.1%</i>	<i>8.2%</i>	<i>-0.9%</i>
Other Expenses	776.3	705.9	10.0%	745.6	4.1%	2259.1	2085.0	8.3%
<i>Other Expenses % of Sales</i>	<i>20.4%</i>	<i>20.3%</i>	<i>0.5%</i>	<i>20.0%</i>	<i>2.2%</i>	<i>20.0%</i>	<i>20.5%</i>	<i>-2.4%</i>
<b>TOTAL EXPENDITURE</b>	<b>3231.5</b>	<b>3020.9</b>	<b>7.0%</b>	<b>3196.7</b>	<b>1.1%</b>	<b>9624.4</b>	<b>8819.6</b>	<b>9.1%</b>
<b>EBIDTA</b>	<b>572.4</b>	<b>453.7</b>	<b>26.2%</b>	<b>537.1</b>	<b>6.6%</b>	<b>1654.5</b>	<b>1344.8</b>	<b>23.0%</b>
<i>EBIDTA Margin %</i>	<i>15.0%</i>	<i>13.1%</i>		<i>14.4%</i>		<i>14.7%</i>	<i>13.2%</i>	
Finance Costs	33.2	23.7	40.2%	27.6	20.4%	87.0	59.5	46.2%
<b>PBDT</b>	<b>598.8</b>	<b>478.9</b>	<b>25.0%</b>	<b>599.4</b>	<b>-0.1%</b>	<b>1774.7</b>	<b>1398.9</b>	<b>26.9%</b>
Depreciation, Ammortization & Impairment	85.5	75.2	13.8%	93.9	-9.0%	261.4	221.2	18.2%
<b>PBT before Exceptional Items</b>	<b>513.3</b>	<b>403.8</b>	<b>27.1%</b>	<b>505.4</b>	<b>1.6%</b>	<b>1513.3</b>	<b>1177.7</b>	<b>28.5%</b>
Exceptional Items	-91.5	78.6	-216.5%	14.6	-726.9%	-71.8	-8.7	726.8%
<b>PBT after Exceptional Items</b>	<b>421.7</b>	<b>482.3</b>	<b>-12.6%</b>	<b>490.8</b>	<b>-14.1%</b>	<b>1585.1</b>	<b>1186.3</b>	<b>33.6%</b>
Tax	106.2	112.9	-5.9%	131.7	-19.4%	368.8	342.5	7.7%
<i>Tax Rate %</i>	<i>25.2%</i>	<i>23.4%</i>	<i>7.6%</i>	<i>26.8%</i>	<i>-6.1%</i>	<i>23.3%</i>	<i>28.9%</i>	<i>-19.4%</i>
<b>Reported Profit After Tax</b>	<b>315.5</b>	<b>369.5</b>	<b>-14.6%</b>	<b>359.1</b>	<b>-12.1%</b>	<b>1216.3</b>	<b>843.8</b>	<b>44.1%</b>
Minority Interest After NP	-14.0	5.0	-379.3%	4.7		-14.0	5.0	-379.3%
<b>Net Profit after Minority Interest &amp; P/L Asso.Co.</b>	<b>301.5</b>	<b>364.4</b>	<b>-17.3%</b>	<b>363.8</b>	<b>-17.1%</b>	<b>1214.2</b>	<b>873.4</b>	<b>39.0%</b>
<i>PAT Margin %</i>	<i>7.9%</i>	<i>10.5%</i>		<i>9.7%</i>		<i>10.8%</i>	<i>8.6%</i>	
<b>EPS</b>	<b>3.00</b>	<b>3.79</b>	<b>-20.8%</b>	<b>3.64</b>		<b>10.05</b>	<b>10.12</b>	<b>-0.7%</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

12<sup>th</sup> February 2024

CMP – ₹1131/-

 View – **Accumulate on Dips**
**Segmental Performance**

									(₹ Cr)
Particulars	Q3FY24	Q3FY23	VAR	Q2FY24	VAR	9MFY24	9MFY23	VAR	
<b>REVENUES</b>									
India Business	2,374.9	2,165.3	9.7%	2,404.1	-1.2%	7,256.9	6,470.5	12.2%	
<i>% Mix</i>	<i>62.3%</i>	<i>62.1%</i>		<i>64.2%</i>		<i>64.2%</i>	<i>63.5%</i>		
International Business	1,028.4	929.9	10.6%	949.7	8.3%	2,872.9	2,605.4	10.3%	
<i>% Mix</i>	<i>27.0%</i>	<i>26.7%</i>		<i>25.4%</i>	<i>6.2%</i>	<i>25.4%</i>	<i>25.6%</i>		
<b>Total Branded Business</b>	<b>3,403.31</b>	<b>3,095.27</b>	<b>10.0%</b>	<b>3,353.81</b>	<b>1.5%</b>	<b>10,129.87</b>	<b>9,075.91</b>	<b>11.6%</b>	
<b>Non-Branded Business</b>	<b>410.56</b>	<b>391.3</b>	<b>4.9%</b>	<b>388.28</b>	<b>5.7%</b>	<b>1,175.9</b>	<b>1,114.8</b>	<b>5.5%</b>	
<b>Total Segment Revenue</b>	<b>3,813.9</b>	<b>3,486.6</b>	<b>9.4%</b>	<b>3,742.1</b>	<b>1.9%</b>	<b>11,305.8</b>	<b>10,190.7</b>	<b>10.9%</b>	
Add : Other Unallocable Income	14.8	10.8	36.8%	14.9	-0.9%	57.6	31.9	80.7%	
Less : Inter Segment Sales	24.7	22.8	8.3%	23.2	6.5%	67.5	15.6	332.0%	
<b>Net Revenue from Operations</b>	<b>3,803.9</b>	<b>3,474.6</b>	<b>9.5%</b>	<b>3,733.8</b>	<b>1.9%</b>	<b>11,295.9</b>	<b>10,207.0</b>	<b>10.7%</b>	
<b>Profit/Loss Before Interest and Tax</b>									
India Business	368.5	300.4	22.7%	330.6	11.5%	1,027.5	881.2	16.6%	
<i>Margin %</i>	<i>10.8%</i>	<i>9.7%</i>		<i>9.9%</i>		<i>10.1%</i>	<i>9.7%</i>		
International Business	108.8	88.4	23.0%	95.8	13.5%	320.4	252.6	26.8%	
<i>Margin %</i>	<i>3.2%</i>	<i>2.9%</i>		<i>2.9%</i>		<i>3.2%</i>	<i>2.8%</i>		
<b>Total Branded Business</b>	<b>477.2</b>	<b>388.8</b>	<b>22.7%</b>	<b>426.4</b>	<b>11.9%</b>	<b>1,347.9</b>	<b>1,133.8</b>	<b>18.9%</b>	
<b>Non-Branded Business</b>	<b>49.22</b>	<b>27.18</b>	<b>81.1%</b>	<b>57.11</b>	<b>-13.8%</b>	<b>156.3</b>	<b>96.6</b>	<b>61.8%</b>	
<b>Total Segment Results</b>	<b>526.5</b>	<b>416.0</b>	<b>26.6%</b>	<b>483.5</b>	<b>8.9%</b>	<b>1,504.2</b>	<b>1,230.4</b>	<b>22.3%</b>	
Less : Interest	33.2	23.7	40.2%	27.6	20.4%	87.0	59.5	46.2%	
Less: Other Un-allocable Expenditure	36.0	32.9	9.6%	8.8	309.3%	73.6	96.1	-23.4%	
Add : Other Income	56.0	44.3	26.5%	58.3	-3.8%	169.7	102.8	65.0%	
Less: Extra-Ordinary Income/Expense	(91.5)	78.6	-216.5%	14.6	-729.1%	(111.2)	165.8	-167.1%	
<b>Net Profit/Loss Before Tax</b>	<b>421.7</b>	<b>482.3</b>	<b>-12.6%</b>	<b>490.9</b>	<b>-14.1%</b>	<b>1,402.1</b>	<b>1,343.5</b>	<b>4.4%</b>	

Source: Company, Way2wealth Research

12<sup>th</sup> February 2024

CMP – ₹1131/-

View – **Accumulate on Dips**

**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 construe 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 Tata Consumer Products Ltd. as on 12<sup>th</sup> February 2024**

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	No
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.