

Q1FY24 Performance

- Consolidated revenue from operations grew 12.5% YoY to ₹3,741Cr driven by strong growth in India business. Consolidated EBITDA grew 19% YoY
- India business EBITDA grew 19% YoY. EBITDA margin expanded 45bps, mainly driven by an improvement in gross margin. International business EBITDA grew 9% YoY. Consolidated EBITDA margin was higher by 80bps (14.6% in Q1FY24) mainly due to strong cost control.
- For the quarter, the India Packaged Beverages business delivered 2% revenue growth and 3% volume growth. Both Tata Tea Premium and Tata Tea Agni recorded strong volume growth during the quarter.
- PAT grew 22% YoY to ₹338Cr led by EBITDA margin expansion led by price increases taken in Salt and International business and higher realisation in non-branded business.

Important Statistics

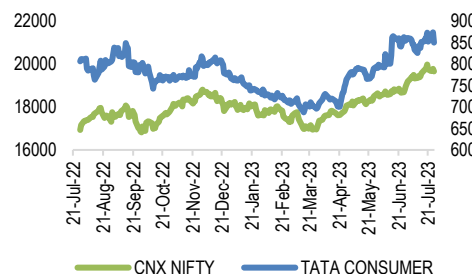
M.CAP (₹ Cr)	₹79,801
52 Week H/L (₹)	₹884/₹685
NSE Code	TATACONSUM
BSE Code	500800

Shareholding pattern (%)	Jun'23
Promoter	34.45
FIIs	25.39
DIIs	16.33
Public & Others	23.83

Key takeaways from Q4FY23 result

- **India Tea + Foods Business:**
 - Standalone revenues grew 11.5% YoY, with volume/value growth of 3%/2% in India tea business. The company continued to retain market leadership in tea in the E-commerce channel. **Coffee continued its strong performance with a revenue growth of 21% YoY.**
 - **The India Foods** business delivered 24% revenue growth and 6% volume growth. The salt portfolio continued its strong momentum and recorded double-digit revenue growth during the quarter on a high base of last year. Tata Salt launched a new brand campaign, emphasizing the role of iodine as a key macro nutrient, vital for the cognitive development of children. TCPL is confident about improving its salt market share going forward.
 - **Tata Sampann** portfolio recorded a growth of 51% YoY, on a soft base. Tata Sampann accelerated the pace of new launches with the launch of Rava idli & Rava dosa mixes, Daliya, Hing for the South market and Yumside Mac n Cheese and Yum side Schezwan Fried Rice.
 - **NourishCo (ready to drink)** business, recorded strong revenue growth of 60% during the quarter on an elevated base and despite adverse weather conditions. NourishCo primarily catered to AP, Telangana, Odisha and Tamil Nadu at the time of acquisition. Currently, the business covers 75-80% of the country, albeit with weak presence in metro cities. Tata Gluco+ and Tata Copper+ continued to record strong growth. Portfolio expansion continued with the launch of Tata Coffee Gold Cold Brew in 3 flavours (Mocha, Classic and Hazelnut) and Tata Spring Alive-competitively priced pristine packaged water with natural minerals intact. NourishCo aims ₹10bn sales in FY24E versus ₹6bn FY23; growth will be driven by both increasing reach and augmenting portfolio. 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.

Relative Comparison



Source: Company, Way2Wealth

Ashwini Sonawane

ashwinisonawane@way2wealth.com
91-22-4019 2913


 31st July 2023

CMP – ₹859/-

 View – **ADD on Dips**

- **Tata Soufull** 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
- **Sales & Distribution reach** is on track to reach 4 mn outlets by September '23, effectively doubling total reach since September '20. The company continued to focus on expanding direct distribution reach in smaller towns.
- Alternate channels continued to fuel growth agenda. **In Q1, Modern Trade channel grew 22% and E-commerce grew 28%.**

➤ **International Business:**

- For the quarter, the International business revenue grew 7% YoY.
- All three of brands in the UK- Tetley, Good Earth, and teapigs gained value market share during the quarter. In the USA, Tetley and teapigs continued to outpace regular category growth. In Canada, Tetley continued to outpace the regular tea category.

➤ **Tata Starbucks:**

- Tata Starbucks recorded strong revenue growth of 21% for the quarter.
- The company have opened 16 new stores during the quarter and entered 4 new cities. The new beverage options like milkshakes, masala tea, etc, and an enhanced food menu have been introduced along with a new 6oz. "Picco" size in hot beverages at a lower price point.

➤ **Growth Outlook:**

- Management do not foresee any headwinds on pricing growth going forward as base is favorable (deflation in tea last year) and the company is unlikely to take any price cuts in either tea or salt (USD is stable, imported coal prices are declining slightly).

➤ **Others:**

- A&P spends in India branded business stood at 7.1% in 1QFY24 versus 6.6% in the base quarter. Innovation mix at 5% is healthy when benchmarked to competition. Both core businesses (tea/salt) should grow in mid-to-high single digit volume growth and high-to-low value growth in the medium term

31st July 2023

CMP – ₹859/-

View – **ADD on Dips**

Story in charts

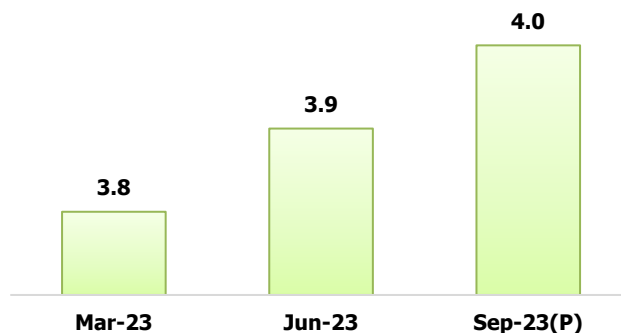
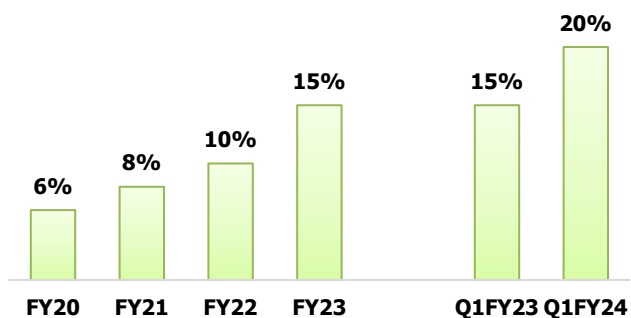
Key Business Snapshot (QFY24)

(₹ Cr)	India Beverages	India Foods	US Coffee	International Tea	Tata Coffee	Consolidated
Revenue	1,444	1,033	364	530	340	3,741
Revenue Growth	10%	24%	2%	10% (0%)	13%	12% (11%)
Constant currency growth			-5	8% (-4%)	11%	11% (9%)
Volume Growth	10%	6%	-12	7% (-11%)	-6%	

Source: Company, Way2Wealth

Growth businesses grew 58% YoY in Q1FY24

Progress on S&D (outlets mn)



Source: Company, Way2Wealth

Risks

- Inflation in raw material prices
- Slow down in the economy

View

TCPL's tea and salt brands occupy leadership positions in their respective categories. Focus on newgrowth engines such as Tata Sampann, NourishCo, Tata Soufull and the ready-to-eat/ready-to-consume business (Tata Smartfoodz); and rapidly scaling upits distribution network along with digitization prowess across the supply chain will drive the next leg of growth. FY24 is likely to be better with Q1FY24 showing some decent improvement

Given quality play, at the current price of ₹859 it is trading at P/E 79.5x to TTM EPS of ₹10.8. We continue to maintain our positive view on stock and advice investors to ADD on dips for the long term.

31st July 2023

CMP – ₹859/-

 View – **ADD on Dips**
Quarterly Performance

(₹ Cr)

Particulars	Q1FY24	Q1FY23	VAR	Q4FY23	VAR	FY23
Net Sales	3741.2	3326.8	12.5%	3618.7	3.4%	13783.2
Other Income	57.8	35.3	63.4%	55.0	5.0%	168.9
TOTAL INCOME	3799.0	3362.2	13.0%	3673.7	3.4%	13952.1
Total Raw Material Cost	2163.3	1909.1	13.3%	2105.4	2.8%	8005.7
Cost of Raw Material & Components Consumed	1469.9	1360.5	8.0%	1338.3	9.8%	5376.6
(Increase)/ Decrease in Inventories	38.7	-144.9	-126.7%	-59.5	-165.1%	-273.9
Purchase of Traded Goods	654.7	693.5	-5.6%	826.6	-20.8%	2903.0
<i>Total Raw Material Cost % to Sales</i>	<i>57.8%</i>	<i>57.4%</i>	<i>0.8%</i>	<i>58.2%</i>	<i>-0.6%</i>	<i>58.1%</i>
Employee Cost	295.8	277.4	6.6%	286.1	3.4%	1120.4
<i>Employee Cost % to Sales</i>	<i>7.9%</i>	<i>8.3%</i>	<i>-5.2%</i>	<i>7.9%</i>	<i>0.0%</i>	<i>8.1%</i>
Other Expenses	737.1	683.0	7.9%	715.6	3.0%	2800.6
<i>Other Expenses % of Sales</i>	<i>19.7%</i>	<i>20.5%</i>	<i>-4.0%</i>	<i>19.8%</i>	<i>-0.4%</i>	<i>20.3%</i>
TOTAL EXPENDITURE	3196.2	2869.5	11.4%	3107.1	2.9%	11926.7
EBIDTA	545.0	457.3	19.2%	511.6	6.5%	1856.5
<i>EBIDTA Margin %</i>	<i>14.6%</i>	<i>13.7%</i>		<i>14.1%</i>		<i>13.5%</i>
Finance Costs	26.2	16.3	61.2%	27.7	-5.2%	87.2
PBDT	576.6	476.4	21.0%	539.0	7.0%	1938.2
Depreciation, Ammortization& Impairment	82.0	72.9	12.4%	82.9	-1.1%	304.1
PBT before Exceptional Items	494.6	403.5	22.6%	456.1	8.4%	1634.1
Exceptional Items	5.2	24.0	-78.5%	6.4	-19.4%	-159.5
PBT after Exceptional Items	489.4	379.5	29.0%	449.7	8.8%	1793.6
Tax	130.9	103.0	27.1%	104.5	25.2%	447.0
<i>Tax Rate %</i>	<i>26.7%</i>	<i>27.1%</i>	<i>-1.5%</i>	<i>23.2%</i>	<i>15.1%</i>	<i>24.9%</i>
Reported Profit After Tax	358.6	276.5	29.7%	345.2	3.9%	1346.6
Profit/Loss of Associate Company & JV	-20.9	0.2	-10033.3%	-56.0	-62.8%	-26.4
Net Profit after Minority Interest & P/L Asso.Co.	337.7	276.7	22.0%	289.2	16.8%	1320.2
<i>PAT Margin %</i>	<i>9.0%</i>	<i>8.3%</i>		<i>8.0%</i>		<i>9.6%</i>
Other Comprehensive Income (net of tax)	45.1	-86.1	-152.3%	46.0		83.7
Total Comprehensive Income	382.8	190.6	100.8%	335.2	14.2%	1403.9
EPS	3.41	2.77	23.1%	2.89		13.02
Equity	92.9	92.9		92.9		92.9
Face Value	1.0	1.0		1.0		1.0

Source: Company, Way2wealth

31st July 2023

CMP – ₹859/-

 View – **ADD on Dips**
Segmental Performance

(₹ Cr)

	Q1FY24	Q1FY23	VAR	Q4FY23	VAR	FY23
REVENUES						
India Business	2,477.9	2,145.2	15.5%	2,246.5	10.3%	8,717.0
<i>% Mix</i>	66.1%	64.4%		62.1%		63.1%
International Business	894.8	836.6	7.0%	984.1	-9.1%	3,589.5
<i>% Mix</i>	23.9%	25.1%		27.2%	-12.3%	26.0%
Total Branded Business	3,372.75	2,981.82	13.1%	3,230.54	4.4%	12,306.45
Non-Branded Business	377.05	351.7	7.2%	385.27	-2.1%	1500.07
Total Segment Revenue	3,749.8	3,333.5	12.5%	3,615.8	3.7%	13,806.5
Add : Other Unallocable Income	11.0	7.4	48.3%	16.8	-34.5%	48.7
Less : Inter Segment Sales	19.6	14.1	38.9%	13.9	41.3%	72.0
Net Revenue from Operations	3,741.2	3,326.8	12.5%	3,618.7	3.4%	13,783.2
Profit/Loss Before Interest and Tax						
India Business	328.5	273.2	20.2%	311.6	5.4%	1,192.9
<i>Margin %</i>	9.7%	9.2%		9.6%		9.7%
International Business	115.8	104.5	10.9%	127.2	-9.0%	379.8
<i>Margin %</i>	3.4%	3.5%		3.9%		3.1%
Total Branded Business	444.3	377.6	17.7%	438.8	1.2%	1,572.7
Non-Branded Business	49.95	39.41	26.7%	25.85	93.2%	122.42
Total Segment Results	494.2	417.0	18.5%	464.7	6.4%	1,695.1
Less : Interest	26.2	16.3	61.2%	27.7	-5.2%	87.2
Less: Other Un-allocable Expenditure	28.8	30.4	-5.5%	29.2	-1.4%	125.2
Add : Other Income	55.4	33.1	67.2%	48.6	14.0%	151.4
Less: Extra-Ordinary Income/Expense	5.2	24.0	-78.5%	6.4	-19.0%	159.5
Net Profit/Loss Before Tax	489.4	379.5	29.0%	450.1	8.7%	1,793.6

Source: Company, Way2wealth

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 Marico Ltd. as on 31st July 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.