

May 03, 2023

TATA CONSUMER PRODUCTS LIMITED
(Formerly known as Tata Global Beverages Limited)

Current Price: ₹ 779.40

STOCK DATA

BSE Code	500800
NSE Symbol	TATACONSUM
Reuters	TAGL.BO
Bloomberg	TATACONS IN

VALUE PARAMETERS

52 W H/L(Rs)	861.35/685.00
Mkt. Cap.(Rs Cr)	72407.17
Latest Equity(Subscribed)	92.9
Latest Reserve (cons.)	16161.95
Latest EPS (cons.) -Unit Curr.	11.67
Latest P/E Ratio -cons	66.79
Latest Bookvalue(cons.) -Unit Curr.	174.97
Latest P/BV - cons	4.45
Dividend Yield -%	1.08
Face Value	1

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2023
Foreign	26.82
Institutions	15.84
Non Promoter Corp. Hold.	1.65
Promoters	34.41
Public & Others	21.28

Consolidated Results

In Cr.

Particulars	Qtr Ending Mar. 23	Qtr Ending Mar. 22	Var. (%)
Net Sales (including other operating income)	3,618.73	3,175.41	14
OPM (%)	14.14	13.99	15 bps
OP	511.67	444.33	15
Other Inc.	55.30	47.39	17
PBIDT	566.97	491.72	15
Interest	27.66	16.41	69
PBDT	539.31	475.31	13
Depreciation	82.86	72.11	15
PBT	456.45	403.20	13
Share of Profit/(Loss) from Associates	-56.02	-50.18	-12
PBT before EO	400.43	353.02	13
EO Income	-6.37	-18.65	66
PBT after EO	394.06	334.37	18
Taxation	104.50	95.32	10
PAT	289.56	239.05	21
Minority Interest (MI)	20.97	21.51	-3
Net profit	268.59	217.54	23
EPS (Rs.)	2.94	2.51	-

Tata Consumer Products NP up 23.47%, beats estimates

For the quarter ending March 2023, consolidated Net sales (including other operating income) of Tata Consumer Products has increased 13.96% to Rs 3618.73 crore compared to quarter ended Mar 2022. Sales of Branded Business segment has gone up 13.60% to Rs 3,230.54 crore (accounting for 89.34% of total sales). Sales of Non Branded Business segment has gone up 11.79% to Rs 385.27 crore (accounting for 10.66% of total sales). Inter-segment sales rose Rs 13.35 crore to Rs 13.86 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 11.89% to Rs 464.69 crore. PBIT of Branded Business segment rose 13.69% to Rs 438.84 crore (accounting for 94.44% of total PBIT). PBIT of Non Branded Business segment fell 11.80% to Rs 25.85 crore (accounting for 5.56% of total PBIT).

PBIT margin of Branded Business segment rose from 13.57% to 13.58%. PBIT margin of Non Branded Business segment fell from 8.50% to 6.71%. Overall PBIT margin fell from 13.03% to 12.85%.

Operating profit margin has jumped from 13.99% to 14.14%, leading to 15.16% rise in operating profit to Rs 511.67 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 36.91% to 36.38%. Purchase of finished goods cost rose from 19.54% to 22.47%. Employee cost decreased from 8.24% to 7.78%. Other expenses fell from 28.58% to 19.45%.

Segment Quarter ended	In Cr.			
	Qtr Ending Mar 23	Qtr Ending Mar 22	Var.(%)	% of (Total)
Sales				
Branded Business	3,230.54	2,843.85	14	89.34
Non Branded Business	385.27	344.64	12	10.66
Total Reported Sales	3,615.81	3,188.49	13	100
Less: Inter segment revenues	13.86	13.35	4	-
Net Sales	3,601.95	3,175.14	13	100
PBIT				
Branded Business	438.84	386.00	14	94.44
Non Branded Business	25.85	29.31	-12	5.56
Total PBIT	464.69	415.31	12	100
Less : Interest	27.66	16.41	69	-
Add: Other un-allocable	13.05	-14.35	LP	-
PBIT Margin(%)				
Branded Business	13.58	13.57	1 bps	-
Non Branded Business	6.71	8.50	-179 bps	-
PBT	450.08	384.55	17	-

Other income rose 16.69% to Rs 55.3 crore. PBIDT rose 15.30% to Rs 566.97 crore. Provision for interest rose 68.56% to Rs 27.66 crore. Loan funds rose to Rs 1,600.04 crore as of 31 March 2023 from Rs 1,412.01 crore as of 31 March 2022. Inventories rose to Rs 2,701.67 crore as of 31 March 2023 from Rs 2,266.51 crore as of 31 March 2022. Sundry debtors were lower at Rs 798.33 crore as of 31 March 2023 compared to Rs 835.15 crore as of 31 March 2022. Cash and bank balance rose to Rs 2,796.94 crore as of 31 March 2023 from Rs 2,599.89 crore as of 31 March 2022. Investments rose to Rs 1,432.97 crore as of 31 March 2023 from Rs 797.28 crore as of 31 March 2022 .

PBDT rose 13.46% to Rs 539.31 crore. Provision for depreciation rose 14.91% to Rs 82.86 crore. Fixed assets increased to Rs 5,339.56 crore as of 31 March 2023 from Rs 5,092.21 crore as of 31 March 2022. Intangible assets increased from Rs 7,754.11 crore to Rs 8,025.38 crore.

Profit before tax grew 13.21% to Rs 456.45 crore. Share of profit/loss was 11.64% lower at Rs -56.02 crore. Extraordinary items were increased to Rs -6.37 crore. Provision for tax was expense of Rs 104.5 crore, compared to Rs 95.32 crore. Effective tax rate was 26.52% compared to 28.51%. Minority interest decreased 2.51% to Rs 20.97 crore. Net profit attributable to owners of the company increased 23.47% to Rs 268.59 crore.

Full year results analysis.

Net sales (including other operating income) of Tata Consumer Products has increased 10.93% to Rs 13783.16 crore. Sales of Branded Business segment has gone up 9.40% to Rs 12,306.45 crore (accounting for 89.14% of total sales). Sales of Non Branded Business segment has gone up 23.52% to Rs 1,500.07 crore (accounting for 10.86% of total sales). Inter-segment sales rose Rs 52.05 crore to Rs 72.04 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 7.10% to Rs 1,695.08 crore. PBIT of Branded Business segment rose 5.54% to Rs 1,572.66 crore (accounting for 92.78% of total PBIT). PBIT of Non Branded Business segment rose 32.13% to Rs 122.42 crore (accounting for 7.22% of total PBIT).

PBIT margin of Branded Business segment fell from 13.25% to 12.78%. PBIT margin of Non Branded Business segment rose from 7.63% to 8.16%. Overall PBIT margin fell from 12.70% to 12.28%.

Operating profit margin has declined from 13.83% to 13.47%, leading to 8.01% rise in operating profit to Rs 1,856.47 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 39.38% to 38.25%. Purchase of finished goods cost rose from 17.77% to 20.65%. Employee cost decreased from 8.41% to 7.97%. Other expenses fell from 27.40% to 19.92%.

Other income rose 20.58% to Rs 168.88 crore. PBDIT rose 8.96% to Rs 2025.35 crore. Provision for interest rose 19.76% to Rs 87.16 crore. Loan funds rose to Rs 1,600.04 crore as of 31 March 2023 from Rs 1,412.01 crore as of 31 March 2022. Inventories rose to Rs 2,701.67 crore as of 31 March 2023 from Rs 2,266.51 crore as of 31 March 2022. Sundry debtors were lower at Rs 798.33 crore as of 31 March 2023 compared to Rs 835.15 crore as of 31 March 2022. Cash and bank balance rose to Rs 2,796.94 crore as of 31 March 2023 from Rs 2,599.89 crore as of 31 March 2022. Investments rose to Rs 1,432.97 crore as of 31 March 2023 from Rs 797.28 crore as of 31 March 2022.

PBDT rose 8.52% to Rs 1938.19 crore. Provision for depreciation rose 9.38% to Rs 304.08 crore. Fixed assets increased to Rs 5,339.56 crore as of 31 March 2023 from Rs 5,092.21 crore as of 31 March 2022. Intangible assets increased from Rs 7,754.11 crore to Rs 8,025.38 crore.

Profit before tax grew 8.36% to Rs 1,634.11 crore. Share of profit/loss was 58.65% higher at Rs -26.38 crore. Provision for tax was expense of Rs 447.04 crore, compared to Rs 377.04 crore. Effective tax rate was 25.30% compared to 27.08%. Minority interest increased 46.60% to Rs 116.37 crore. Net profit attributable to owners of the company increased 28.64% to Rs 1,203.77 crore.

Other Highlights

- In Q4 FY23, the India Packaged Beverages business revenue increased by 1% and volume by 3%, India Foods business registered a 26% revenue growth and NourishCo revenue grew by 79% on YoY basis.
- During the quarter, coffee continued its strong performance with a revenue growth of 31% YoY.
- In FY23, Modern Trade channel grew 21%, contributing to 14% of India business sales. The E-commerce channel grew 32%, contributing to 9% of India business sales. Notably, 10% of E-commerce revenue came from NPD (New Product Development) during the year.
- For FY23, the International Beverages business revenue grew 8% YoY.
- In FY23, Tata Soulfull grew 100%+ YoY and Tata Sampann grew 29% YoY.
- Tata Starbucks recorded strong revenue growth of 48% YoY for the quarter, bringing FY23 growth to 71% YoY, albeit on a base that was impacted by the pandemic.
- In Q4 FY23, India business contributed 70% of total revenue and International business 30%.

Management Comments :

Sunil D'Souza, Managing Director & CEO of Tata Consumer Products said "We delivered strong topline growth of 11% while balancing margins in an extremely volatile macro environment this fiscal. Importantly, we delivered a strong earnings growth of 28%. During the quarter, we saw early signs of green shoots in our branded tea business, with the interventions we put in place starting to yield positive results. In our other core business of salt, we continued to execute strongly and have gained market share despite pricing actions taken to mitigate inflation. Our innovation across categories has picked up pace significantly with the number of new product launches in FY23 being almost 2X of FY22. Our growth businesses (Tata Sampann, Tata Soulfull, and NourishCo) continued their strong growth trajectory and have increased their salience

significantly over the past couple of years, accounting for 15% of India business this fiscal. Tata Starbucks recorded a strong performance, hitting a 4-digit topline along with achieving its highest-ever number of annual store additions. We reached new milestones in our Sales & Distribution expansion and are on track to achieving a total reach of 4 mn outlets by this year as per our earlier guidance. We are embedding digital transformation across the business and will be using this to drive decision-making in areas such as new product development, procurement, and revenue growth management. Our transformation journey to becoming a leading FMCG company is on track and we will continue to stay focused on driving profitable growth along with building future ready capabilities.”

E-mail: researchfeedback@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park , A Wing 401 / 402 ,
4th Floor, Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court, Gate No.- 4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

SMC Global Securities Ltd. (hereinafter referred to as “SMC”) is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC’s other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.