



- ❑ Tata Consumer Products reported consolidated revenue growth of 14% YoY (12% in constant currency) to ₹ 36,187 million during Q4-FY23 as compared to ₹31,754 million during Q4-FY22. The growth was driven by growth in both branded and Non-branded business. Geographically, India business registered strong growth of 15% while international business grew 6% (constant currency); on a like-to-like basis 1% (excluding acquisitions).
- ❑ The company reported EBITDA of ₹5,117 million in Q4-FY23 as against ₹4,443 million in Q4-FY22, an improvement in margins by 15 basis points. The profit after tax was recorded at ₹2,658 million during Q4-FY23 as against ₹2,459 million in Q4-FY23.
- ❑ The India business of the company grew 15% in the quarter with India Beverages business growing at 8%, with tea volumes returning to growth, up 3% YoY. India Foods business continued its strong trajectory, with volumes up by 8% in the quarter. The Salt business margin was almost back to the normative range..
- ❑ The International business recorded 11% revenue growth (1% ex acquisitions in constant currency). The EBITDA margins in international business was lower by 1% mainly due to commodity/input cost inflation and lag in price increases. The company has started to take price action in international business which is expected to fully flow through in subsequent quarter.
- ❑ On company's performance of its JVs and subsidiaries, The subsidiary NourishCo business has recorded a strong revenue growth of 79% during the quarter. The growth was broadbased across products and geographies. The Vietnam business revenue for the quarter grew 13% (in Constant Currency) led by extractions business. The plantations business recorded 11% revenue growth. The Starbucks JV revenue for the quarter grew 48% YoY, bringing FY23 growth to 71%, albeit on a lower base. The company has added 71 new stores and entered 15 new cities during the year.
- ❑ In terms of growth outlook, the company is consistently aims at progressing on investing and growing its brands, expanding its sales & distribution reach across channels. India Foods business should continue to see share gains and volume growth. The company also aims to focus on new engines of growth in ready-to-drink, Souffull, Sampann and the ready-to-eat, ready to cook portfolio. In U.S. business the company has already started taking price increases to mitigate inflationary pressures.
- ❑ Tata Consumer with its presence in high growing categories supported by consumption shift to packaged food. Moreover, tailwinds of at-home consumption should continue to aid growth. Higher volume traction in India business, digitization across the supply chain coupled with synergy benefits in upcoming periods are the key growth drivers. We continue to remain positive on the stock and maintain our rating to **BUY** on the stock with a revised target price of **₹900 per share**.

Consolidated Financials:

(In ₹ mn)	Q4-FY23	Q4-FY22	Chg	FY23	FY22	Chg
Net Sales	36,187	31,754	14.0%	1,37,832	1,24,254	10.9%
Operating Expense	31,071	27,311	13.8%	1,19,267	1,07,066	11.4%
EBITDA	5,117	4,443	15.2%	18,565	17,188	8.0%
Other Income	553	474	16.7%	1,689	1,401	20.6%
Depreciation	829	721	14.9%	3,041	2,780	9.4%
EBIT	4,841	4,196	15.4%	17,213	15,808	8.9%
Interest	277	164	68.6%	872	727.8	19.8%
PBT	4,565	4,032	13.2%	16,341	15,081	8.4%
Tax	1,045	953	9.6%	4,470	3,770	18.6%
Exceptional Items	(64)	(187)		1,595	(521)	
PAT	3,456	2,892		13,465	10,790	24.8%
Minority /Other Adj.	(798)	(433)		(540)	(924)	
Consolidated PAT	2,658	2,459	8.1%	12,925	9,866	31.0%

Margins	Q4-FY23	Q4-FY22	ChgBPS	FY23	FY22	ChgBPS
Operating Margin %	14.1%	14.0%	15	13.5%	13.8%	-36
Net Margin %	7.3%	7.7%	-40	9.4%	7.9%	144

Consolidated Financials:

(In ₹ mn)	FY-22	FY-23	FY-24E	FY-25E
Net Sales	1,24,254	1,37,832	1,52,378	1,69,269
Operating Expense	1,07,066	1,19,267	1,31,045	1,43,879
EBITDA	17,188	18,565	21,333	25,390
Other Income	1,401	1,689	1,718	1,908
Depreciation	2,780	3,041	3,208	3,564
EBIT	15,808	17,213	19,843	23,735
Interest	728	872	675	709
Misc. items	(521)	1,595	-	-
PBT	14,560	17,936	19,167	23,026
Tax	3,770	4,470	4,777	5,739
Minority Interest	(1,432)	(1,428)	-	-
PAT	9,358	12,038	14,390	17,287

Margins	FY-22	FY-23	FY-24E	FY-25E
Sales Growth %	7.1%	10.9%	10.6%	11.1%
Operating Margin %	13.8%	13.5%	14.0%	15.0%
Net Margin %	7.5%	8.7%	9.4%	10.2%

(In ₹ mn)	FY-22	FY-23	FY-24E	FY-25E
Liabilities				
Equity Share Capital	926	929	929	929
Reserves & Surplus	1,50,493	1,61,838	1,76,228	1,93,515
Total Shareholder's Funds	1,51,419	1,62,767	1,77,157	1,94,444
Minority Interest	11,516	8,502	8,502	8,502
Long-Term Liabilities	2,419	2,061	2,061	2,061
Other Long-term Liabilities	6,331	6,904	6,904	6,904
Deferred Tax Liability	7,337	8,144	8,144	8,144
Short-term Liabilities	31,726	39,247	33,448	37,155
Total	2,10,749	2,27,625	2,36,216	2,57,210
Assets				
Net Fixed Assets	1,28,463	1,27,661	1,30,185	1,44,402
Long-Term L&A	1,908	125	125	125
Non Current Investments	5,993	8,930	8,930	8,930
Other Non-Current Assets	3,028	7,823	7,823	7,823
Current Asset	71,357	83,086	89,152	95,930
Total	2,10,749	2,27,625	2,36,216	2,57,210

Key Ratios	FY-22	FY-23	FY-24E	FY-25E
EPS (₹)	10.1	13.0	15.9	18.6
P/E (x)	77.4	60.2	49.2	41.9
P/B (x)	4.8	4.5	4.1	3.7
ROE	6.2%	7.4%	8.3%	8.9%

Source: Company, Anand Rathi Research

Key Risks:

- Increase in Raw Material Prices may put dent on the Margins.
- Slowdown in consumption.
- Increased competitiveness from new players.



Rating and Target Price history:

TATACONSUM rating history & price chart



Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 3rd May-23 close.

TATACONSUM rating details

Date	Rating	Target Price (₹)	Share Price (₹)
15-Jan-2020	BUY	473	391
07-Feb-2020	BUY	473	397
22-May-2020	BUY	450	362
06-Nov-2020	BUY	620	504
30-Mar-2021	BUY	728	631
29-Jun-2021	HOLD	812	758
10-Nov-2021	BUY	980	840
11-Feb-2022	BUY	904	702
03-May-2023	BUY	900	780

Disclaimer:

Analyst Certification

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Ratings Methodology

- ❑ Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>₹300 Billion) and Mid/Small Caps (<₹300 Billion) or SEBI definition vide its circular SEBI/HO/IMD/DF3/CIR/P/2017/114 dated 6th October 2017, whichever is higher and as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (>₹300Bn.)	15%	5%-10%	Below 5%
Mid/Small Caps (<₹300 Bn.)	20%	10%-15%	Below 10%

Disclaimer:

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues.

General Disclaimer: - This Research Report (hereinafter called “**Report**”) is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Continued...

Disclaimer:

Contd.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i. e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Copyright: - This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Contd.

Disclaimer:

Contd.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Sr. No.	Statement	Answers to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	ARSSBL/its Associates/ Research Analyst/ his Relative have any financial interest in the subject company? Nature of Interest (if applicable), is given against the company's name?.	NO
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?.	NO
3	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report or at the time of public appearance?.	NO
4	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months.	NO
5	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months.	NO
6	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report.	NO
9	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	NO
10	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	NO