

**CMP**
**Rs. 795.6**

Bloomberg Code	TGBL IN
No of share O/S (in crs)	92.15
Market Cap (in Rs. crs)	73,319
Face Value (in Rs)	1.00
Dividend Yield (%)	0.51
52 Wk High/Low (in Rs)	889/461

Shareholding (%)	
Promoters	34.71
Institutional	39.24
Public	26.04
Total	100.00

***Net Profit shows growth of 44.8% sequentially and 4.3% YoY to Rs 268 cr***

***Key Highlights***

***Overall India Business grew 17% led by 14% growth in Beverages and 23% growth in Foods***

TCPL reported a net revenue of Rs. 3,033 crores in Q2FY22, a growth of 9.1%/0.8% on a YoY/QoQ basis. The India beverage business grew by 14% with 2% growth in volume. The India foods business grew by 23% with 16% volume growth. The international business grew by 3%, driven by an increase in home consumption of tea & coffee – US Coffee business grew 1% (CC terms) and volume growth was flat. International Tea reported flat revenue growth (CC terms) and 1% growth in volume. Tata Coffee, including Vietnam, reported flat growth in revenue and 2% in volume. During the quarter, sales from e-commerce grew 39% YoY and institutional sales grew 117% YoY. The number of ‘NourishCo’ outlets grew 49% YoY.

***Moderation in tea costs for India Packaged Beverages helped margins***

The EBITDA for the quarter was Rs 413 crores and its margin stood at 13.6% (-80bps YoY and +30bps QoQ). It grew by 3.4% YoY and 3.5% QoQ. Margins in the India Packaged Beverages have been on an uptrend since last quarter led by tapering off of tea inflation despite significantly higher A&P spends. EBIT margin for India Foods business was impacted by portfolio mix, Soufull and increased expenses, including A&P.

The net profit for the quarter stood at Rs 268 crores, a growth of 4.3%/44.8% on a YoY/QoQ basis. Despite a higher growth in revenue, growth was muted because of higher investments in brands and other expenses and lower contribution from JV and associates compared to last year, led by tea plantation associate companies. The net profit margin was 8.8% (-40bps YoY and +260 bps QoQ).



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**Concall Highlights**

- Tea prices have come off significantly from the highs but remain higher than pre-Covid levels. Kenya tea prices saw a slight uptick QoQ and YoY. Coffee prices, both Arabica and Robusta, have seen a significant increase on YoY as well QoQ terms.
- India Packaged Beverages witnessed market share gains to the tune of 168bps. Coffee volumes grew 51%, albeit on a small base. Tata Tea Gold Care was rolled out nationally.
- India Foods saw a 300bps market share gain in salt. Soulfull became TATA Soulfull, the new logo was integrated into all brand touchpoints. Tata Sampann grew 29% on a strong base last year. Salt reported revenue growth of 20% during the quarter. The premium salt portfolio grew by 42%.
- NourishCo (100% subsidiary) reported revenue growth of 121%. This was broad based across products and geographies. Himalayan water broke even during the quarter. Tata Water Plus reported YoY revenue growth of 303% in the quarter.
- Tata Coffee (58% subsidiary) reported flat revenue growth as extraction business growth (+16%) offset decline in plantations (impacted due to lower sales of tea and pepper). The Vietnam plant operated on 98% capacity utilization during the quarter.
- Tata Starbucks reported 128% growth in revenue. Sep'21 same store sales is back to 94% indexed to Sep'19. 14 new stores were added during the quarter and entry into Jaipur was done.
- UK business revenue grew 1% (CC) excluding Teapigs. Teapigs revenue grew 17% on CC terms. Canada revenue declined 1% (CC).
- USA Coffee revenue grew 1% (CC). Tea revenue for the quarter declined 12% due to pantry stocking that led to 11% growth in the base quarter.

**Valuation**

At the CMP of Rs. 795.6, Tata Consumer Products Ltd. is trading at a P/E of 101.1 with an estimated FY22 adjusted EPS of Rs. 12.2

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## Financial Summary

Net Sales for Q2FY22 grew 9.1% YoY and 0.8% QoQ to Rs 3,033 cr

Tea prices fell significantly causing gross margins to rise by 200bps YoY and QoQ

A&P spends increased in the quarter impacting operating margins but will help in keeping the momentum of the India business up

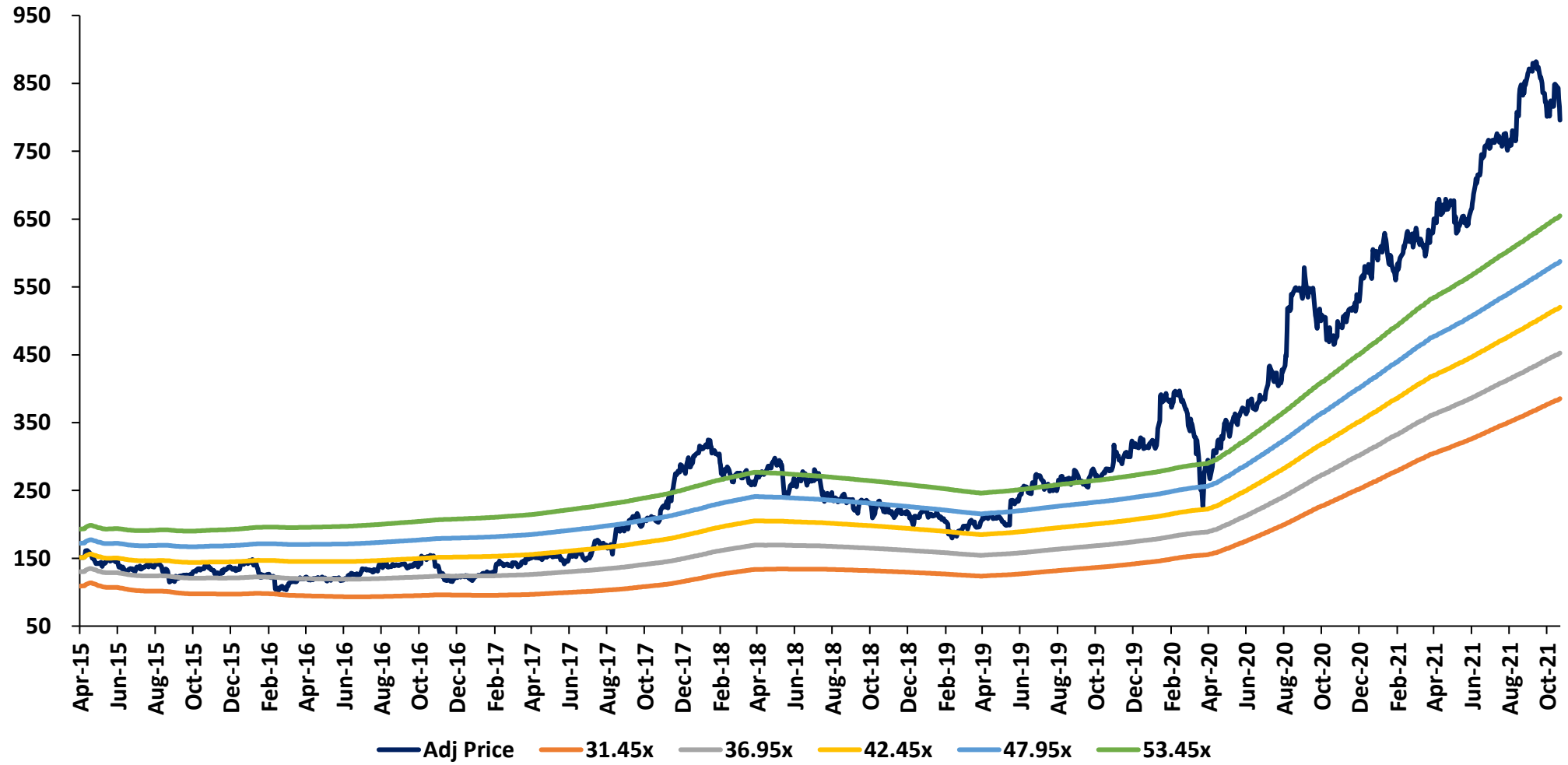
Net profit came at Rs 268 cr, a rise of 4.3%/44.8% on a YoY/QoQ basis

Figures are in Rs Cr	Q2FY22	Q2FY21	YoY(%)	Q1FY22	QoQ (%)	FY20	FY21	YoY (%)
Net Sales	3,033	2,781	9.1	3,008	0.8	9,637	11,602	20.4
Raw Material Cost	1,736	1,646	5.5	1,782	-2.6	4,855	6,902	
<b>RM Cost to Sales (%)</b>	<b>57.2</b>	<b>59.2</b>		<b>59.2</b>		<b>50.4</b>	<b>59.5</b>	
Employee Cost	256	230	11.3	265	-3.7	885	970	9.7
<b>Employee Cost to Sales (%)</b>	<b>8.4</b>	<b>8.3</b>		<b>8.8</b>		<b>9.2</b>	<b>8.4</b>	
Operating Expenses	628	506	24.1	561	11.9	2,606	2,186	-16.1
<b>Operating Expenses to Sales (%)</b>	<b>20.7</b>	<b>18.2</b>		<b>18.7</b>		<b>27.0</b>	<b>18.8</b>	
EBITDA	413	400	3.4	399	3.5	1,292	1,544	19.5
<b>EBITDA Margin (%)</b>	<b>13.6</b>	<b>14.4</b>		<b>13.3</b>		<b>13.4</b>	<b>13.3</b>	
Depreciation	69	63	10.8	67	3.8	242	255	5.4
Interest	20	18	10.7	20	-3.2	78	69	-11.8
Other Income	40	26	51.1	28	41.4	112	121	8.8
<b>Other Income to Sales (%)</b>	<b>1.3</b>	<b>0.9</b>		<b>0.9</b>		<b>1.2</b>	<b>1.0</b>	
Exceptional Income / Expenses	-16	-24		-4		-275	-31	
Profit Before Tax	348	321	8.1	336	3.3	809	1,311	62.0
<b>Tax Rate (%)</b>	<b>24.8</b>	<b>27.1</b>		<b>28.5</b>		<b>33.9</b>	<b>24.2</b>	
Profit After Tax	261	234	11.5	241	8.6	535	994	85.7
Minority Int/Share of Associates	7	23	-70.7	-56		-75	-137	
Net Profit	268	257	4.3	185	44.8	460	857	
<b>Net Profit Margin (%)</b>	<b>8.8</b>	<b>9.2</b>		<b>6.2</b>		<b>4.8</b>	<b>7.4</b>	
Adjusted EPS	2.9	2.8	4.3	2.0	44.8	5.0	9.3	86.3
Shareholder's Funds	14,593	14,112	3.4			13,815	14,535	5.2
BV per share	158.3	153.1	3.4			149.9	157.7	5.2
Net Debt	-1,571	-1,375				-1,199	-2,677	
Net Debt to Equity	-0.1	-0.1				-0.1	-0.2	
Net Debt to EBITDA	-1.1	-0.9				-0.9	-1.7	
Capex	88.2	11.6				219.2	413.0	
RoE(%)	5.0	4.8				3.3	5.9	
RoCE(%)	5.8	10.7				4.6	6.4	
P/E	101.1	108.2				59.1	68.7	
P/B	5.0	5.2				2.0	4.0	
EV/EBITDA	48.7	47.7				20.1	36.4	

# Segmental Performance

Figures are in Rs. Cr	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	FY19	FY20	FY21
India - Beverages	873	755	1,000	1,120	1,275	1,205	1,267	1,266	3,168	3,377	4,601
<i>Contribution to Sales</i>	<i>35.02%</i>	<i>31.39%</i>	<i>36.86%</i>	<i>40.27%</i>	<i>41.55%</i>	<i>39.67%</i>	<i>42.12%</i>	<i>41.73%</i>	<i>43.68%</i>	<i>35.04%</i>	<i>39.65%</i>
India - Foods	531	524	589	580	631	642	705	712		2,064	2,442
<i>Contribution to Sales</i>	<i>21.30%</i>	<i>21.81%</i>	<i>21.71%</i>	<i>20.86%</i>	<i>20.54%</i>	<i>21.13%</i>	<i>23.42%</i>	<i>23.48%</i>	<i>0.00%</i>	<i>21.41%</i>	<i>21.05%</i>
International - Beverages	852	874	867	801	926	875	768	781	3,238	3,226	3,469
<i>Contribution to Sales</i>	<i>34.16%</i>	<i>36.36%</i>	<i>31.96%</i>	<i>28.78%</i>	<i>30.17%</i>	<i>28.82%</i>	<i>25.51%</i>	<i>25.76%</i>	<i>44.66%</i>	<i>33.47%</i>	<i>29.90%</i>
Total Branded Business	2,256	2,154	2,457	2,501	2,832	2,722	2,739	2,759	6,406	8,667	10,512
<i>Contribution to Sales</i>	<i>90.49%</i>	<i>89.55%</i>	<i>90.53%</i>	<i>89.91%</i>	<i>92.27%</i>	<i>89.61%</i>	<i>91.05%</i>	<i>90.97%</i>	<i>88.34%</i>	<i>89.93%</i>	<i>90.60%</i>
Non Branded Business	239	251	264	288	246	324	278	280	842	975	1,122
<i>Contribution to Sales</i>	<i>9.57%</i>	<i>10.45%</i>	<i>9.74%</i>	<i>10.34%</i>	<i>8.03%</i>	<i>10.66%</i>	<i>9.23%</i>	<i>9.23%</i>	<i>11.62%</i>	<i>10.12%</i>	<i>9.67%</i>
Others	8	6	1	3	8	1	3	6	30	27	13
Less: Intersegment Sales	-10	-6	-8	-10	-18	-9	-11	-12	-27	-31	-45
Revenue From Operations	2,493	2,405	2,714	2,781	3,070	3,037	3,008	3,033	7,252	9,637	11,602
India - Beverages	128	87	215	145	79	52	151	170	457	465	496
<i>EBIT Margin</i>	<i>14.61%</i>	<i>11.55%</i>	<i>21.52%</i>	<i>12.92%</i>	<i>6.22%</i>	<i>4.35%</i>	<i>11.90%</i>	<i>13.40%</i>	<i>14.44%</i>	<i>13.77%</i>	<i>10.79%</i>
India - Foods	66	57	115	93	93	87	96	75		266	388
<i>EBIT Margin</i>	<i>12.47%</i>	<i>10.92%</i>	<i>19.45%</i>	<i>16.02%</i>	<i>14.80%</i>	<i>13.53%</i>	<i>13.62%</i>	<i>10.51%</i>		<i>12.91%</i>	<i>15.88%</i>
International - Beverages	79	129	125	105	123	110	96	110	277	361	459
<i>EBIT Margin</i>	<i>9.28%</i>	<i>14.70%</i>	<i>14.47%</i>	<i>13.16%</i>	<i>13.24%</i>	<i>12.58%</i>	<i>12.51%</i>	<i>14.04%</i>	<i>8.55%</i>	<i>11.18%</i>	<i>13.23%</i>
Total Branded Business	273	273	455	343	295	249	343	354	734	1,092	1,343
<i>EBIT Margin</i>	<i>12.09%</i>	<i>12.67%</i>	<i>18.53%</i>	<i>13.72%</i>	<i>10.43%</i>	<i>9.16%</i>	<i>12.51%</i>	<i>12.84%</i>	<i>11.46%</i>	<i>12.60%</i>	<i>12.77%</i>
Non Branded Business	16	1	14	18	20	38	19	22	67	56	91
<i>EBIT Margin</i>	<i>6.78%</i>	<i>0.47%</i>	<i>5.28%</i>	<i>6.30%</i>	<i>8.26%</i>	<i>11.89%</i>	<i>6.71%</i>	<i>7.70%</i>	<i>7.91%</i>	<i>5.71%</i>	<i>8.10%</i>
Total EBIT	289	274	469	361	316	288	361	376	801	1,148	1,434
<i>Total EBIT Margin</i>	<i>11.59%</i>	<i>11.40%</i>	<i>17.29%</i>	<i>12.98%</i>	<i>10.28%</i>	<i>9.47%</i>	<i>12.01%</i>	<i>12.39%</i>	<i>11.04%</i>	<i>11.91%</i>	<i>12.36%</i>

# 1 year forwarded valuation band chart



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