



**TATA CONSUMERS LTD.**

# Research Report

## 2024

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Market cap- 1.08L Cr

CMP- 1135.30

**PREPARED BY**

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# ABOUT THE COMPANY

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Tata Consumer Products is an Indian fast-moving consumer goods company and a part of the Tata Group. Its registered office is located in Kolkata while its corporate headquarters is in Mumbai. It is the world's second-largest manufacturer and distributor of tea and a major producer of coffee.

Formerly known as Tata Global Beverages Limited (TGBL), Tata Consumer Products was formed when the consumer products business of Tata Chemicals merged with Tata Global Beverages in February 2020. The company now operates in the food and beverages industry, with ~56% of their revenue coming from India while the rest is from their international businesses. After the merger, the company controls Indian and international brands like Tata Salt, Tata Tea, Tetley, Eight O'Clock Coffee, Good Earth Tea, Tata Sampann and Tata Starbucks.

Tata Tea is the biggest-selling tea brand in India. Tetley is the biggest-selling tea brand in Canada and the second-biggest-selling in the United Kingdom and the United States.

# HISTORY

Tata Consumer Products Ltd. (TCPL), formerly known as Tata Global Beverages, has evolved significantly since its inception in the 1960s. Originally established as Tata Tea in 1964, the company began with the acquisition of tea estates in India, laying the foundation for its prominent position in the tea industry. Over the decades, Tata Consumer Products expanded both organically and through strategic acquisitions.

A pivotal moment came in 2000 when Tata Tea acquired Tetley, a leading tea brand in the UK, marking its entry into the global market. This acquisition not only expanded its international footprint but also diversified its product offerings. In 2006, Tata Tea rebranded itself as Tata Global Beverages to reflect its broader portfolio beyond tea. Further diversification occurred with the acquisition of Eight O'Clock Coffee in 2006, expanding its presence in the coffee segment. The company continued to innovate and cater to changing consumer preferences, launching new products such as Tata Water Plus and Tata Gluco Plus. In 2020, Tata Global Beverages merged with Tata Chemicals' consumer products business to form Tata Consumer Products Ltd., consolidating its consumer goods portfolio under one entity. This merger aimed to enhance operational efficiency and leverage synergies across various product categories. The company got listed on NSE in 2000 at a price of Rs.78.

# BOARD OF DIRECTORS

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Mr. N. Chandrasekaran  
**Chairman**

His appointment as Chairman of Tata Sons followed a 30-year career at Tata Consulting Services. Mr. Chandrasekaran rose through the ranks to become the CEO and under his leadership, TCS consolidated its position as the largest private sector employer in India and India's most valuable company. Mr. Chandrasekaran was conferred with the Padma Bhushan, one of the highest civilian awards in India, in the field of trade and industry in 2022.



Mr. Sunil D'Souza  
**Managing Director & CEO**

**Mr. Sunil D'Souza** has been serving as the Managing Director & Chief Executive Officer of Tata Consumer Products since April 2020. Prior to this, he held the position of Managing Director at Whirlpool India Ltd. for over four years. He has also worked with PepsiCo for almost 15 years, where he held various leadership positions. Mr. D'Souza started his career with Hindustan Unilever in 1993 and has 30 years of extensive experience in the consumer products sector. Mr. D'Souza holds a degree in engineering from the University of Madras and is an alumnus of the Indian Institute of Management, Calcutta (IIM-C).



Mr. Ajit Krishnakumar  
**Executive Director & COO**

Ajit joined the Tata Group in 2013 where he worked in the Group Chairman's Office with strategy, corporate finance and M&A responsibilities for the consumer and other business verticals. Before he joined the Tata Group, Ajit was an investment banker and advisor with 15 years of experience supporting large, medium and small companies. He holds an MBA from the University of Michigan, Ann Arbor and a BBA from the University of Hartford, Connecticut.



Mr. Ashish Goenka  
**Group Chief Financial Officer**

Ashish brings more than 20 years of rich experience across the Finance & Strategy function in the FMCG, Telecom & QSR space. He began his career with Hindustan Unilever Limited as a Management Trainee. He, thereafter, joined Bharti Airtel Limited as CFO for Network Services and last served as EVP & Group Finance Controller. He, then, joined Jubilant Foodworks Limited, where he served as President & CFO and led the Finance, Legal and Secretarial function. He is a double gold medalist from IIFT Delhi where he completed his MBA, and is a qualified Chartered Accountant as well as Company Secretary.

# **INDUSTRY OVERVIEW**

India's consumer market is set to become the world's third largest by 2027 as the number of middle to high-income households rise, according to a report by BMI.

The country currently ranks fifth, but the Fitch Solutions company predicts a 29% increase in real household spending will push India up two spots.

The FMCG (Fast-Moving Consumer Goods) sector is a cornerstone of the Indian consumer market, driven by everyday essentials like food, beverages, personal care products, and household items.

India's large youth population is also a driving force for increased consumer spending.

Approximately 33% of the country's population is estimated to be between 20 and 33 years old, and BMI expects this group to spend big on electronics.

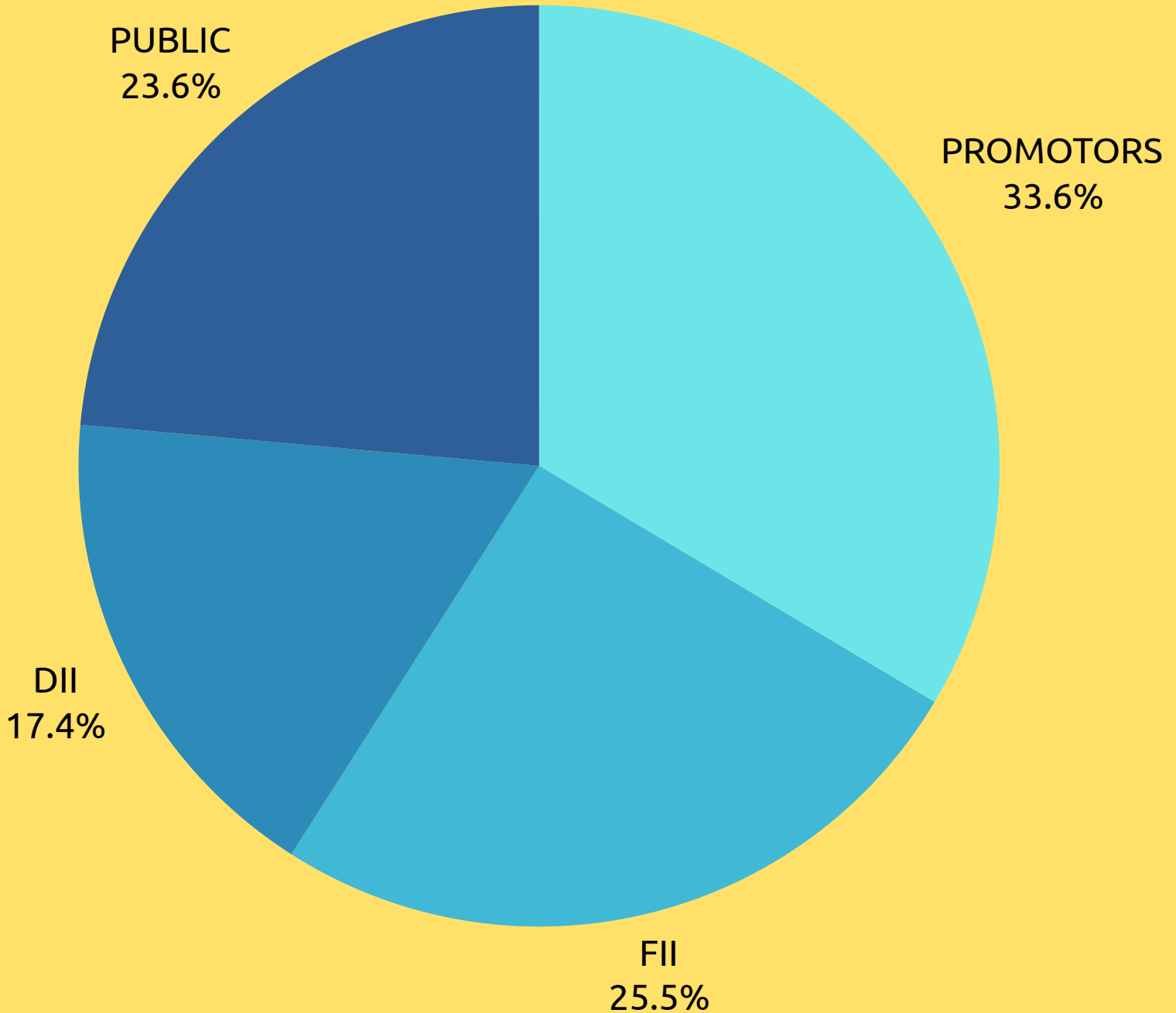
The report predicts communications spending will grow by an average of 11.1% annually to \$76.2 billion by 2027 due to a "technology-literate, urban middle class with increasing amounts of disposable income that would encourage expenditure on aspirational products such as consumer electronics."

The Indian consumer market is expected to reach 1.48 lakh crore (US\$ 17.93 billion) by 2025.

CAGR of this industry is 31.6%. The consumer market constitutes 65.2% of the total GDP of India.

Tata consumers constitutes 70% of total Indian consumer market.

# EQUITY SPLIT



Promotors have 33.6% shareholding in the company, foreign institutional investors have 25.5%, domestic institutional investors have 17.4% and public has 23.6 % shareholding in the company.

# MAJOR SUBSIDIARIES

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Tata Consumer Products Limited (formerly Tata Global Beverages Limited) operates several subsidiaries across various segments of the food and beverage industry. Here is a comprehensive list of some of its subsidiaries:

- 1. Tata Coffee Limited:** Engaged in coffee cultivation, production, and trading globally.
- 2. Tata Starbucks Pvt. Ltd.:** A joint venture with Starbucks Corporation, operating Starbucks coffee stores across India.
- 3. Tata Cha:** A chain of tea cafes offering a variety of tea-based beverages and snacks.
- 4. Tata Global Beverages (GB) Limited:** Manages Tata Consumer Products Limited's global operations in the beverages sector.
- 5. Tata Consumer Products International, Inc.:** Handles international sales and marketing for Tata Consumer Products Limited.
- 6. Tata Consumer Products (UK) Limited:** Manages Tata Consumer Products Limited's operations in the United Kingdom.
- 7. Tata Consumer Products (Australia) Pty Limited:** Manages Tata Consumer Products Limited's operations in Australia.



8. **Tata Global Beverages America, Inc.:** Manages Tata Consumer Products Limited's operations in the Americas.

9. **Amalgamated Plantations Private Limited (APPL):** Engaged in tea cultivation and production, focusing on sustainability and social responsibility.

10. **Tata Tetley:** A subsidiary brand focusing on tea products.

11. **Eight O'Clock Coffee:** A coffee brand primarily in the United States.

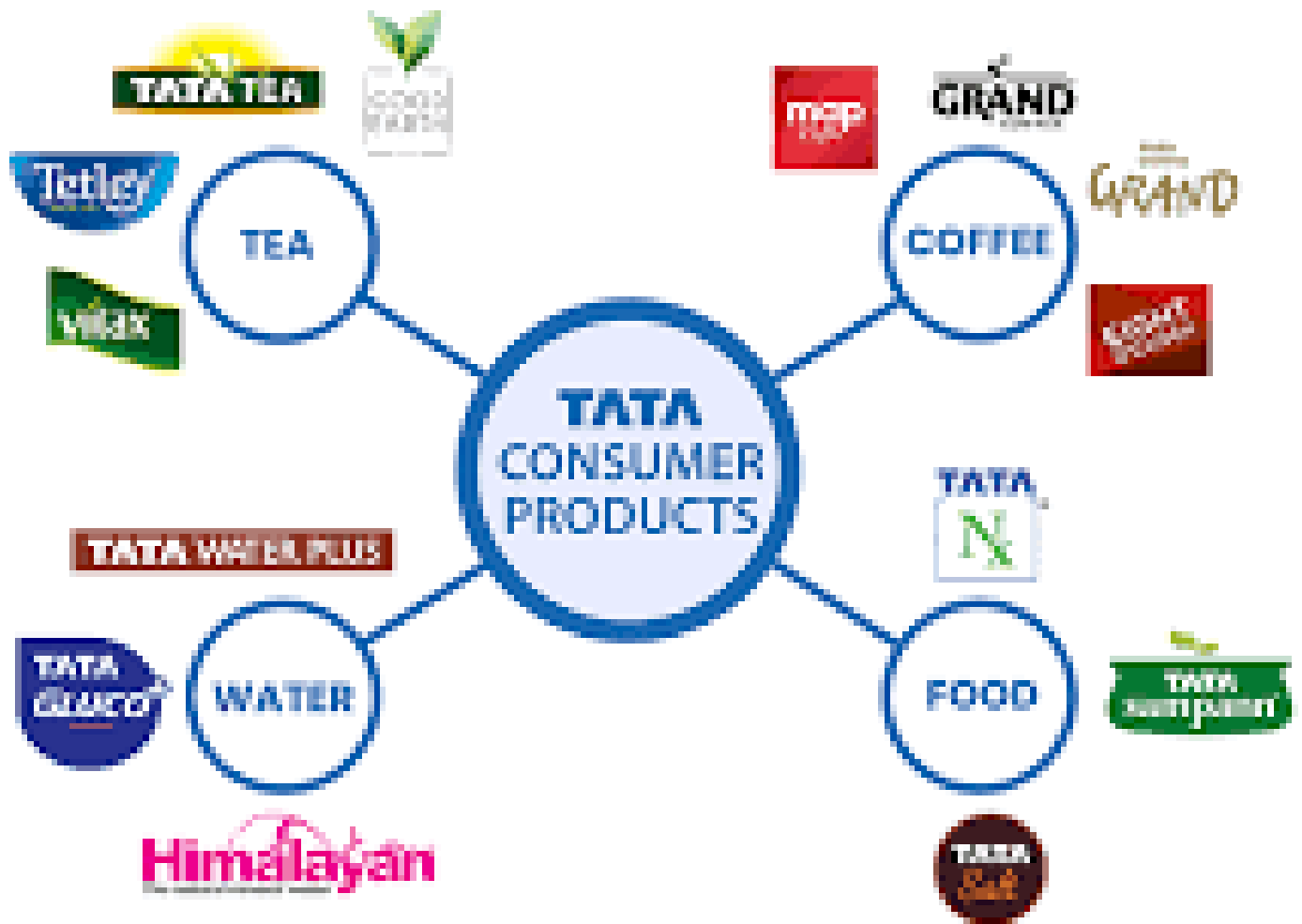
12. **Good Earth Tea:** A specialty tea brand known for its unique blends.

13. **Grand Coffee:** A coffee brand in Russia.

14. **Tata salt-** A salt brand of tata consumers.

15. **Tata Sampann:** It is a specialised brand for pulses and spices.

16. **Organic India:** A brand for Packaged Foods category features a rich assortment of certified organic cereals, pulses, grains, nuts & seeds, cold-pressed oils, spices, natural sweeteners like jaggery and multi-floral honey and healthy foods including Apple Cider Vinegar, Chyawanprash and more.



TATA CONSUMER PRODUCTS



# OPERATIONS

The company was renamed as Tata Global Beverages (now Tata Consumer Products Limited) to include the range of health and nutritional beverages it wants to enter into. Via subsidiary companies, Tata Consumer Products Limited manufactures 7 crore kilograms of tea in India, controls 54 tea estates, ten tea blending and packaging factories and employs around 59,000 people. The company owns 51 tea estates in India and Sri Lanka, especially in Assam, West Bengal in eastern India and Kerala in the south. The company is the largest manufacturer of Assam tea and Darjeeling tea and the second-largest manufacturer of Ceylon tea.

Set up in 1964 as a joint venture with UK based James Finlay and Company to develop value-added tea, Tata Consumer Products Limited has now product and brand presence in 50 countries. It is one of India's first multinational companies. The operations of Tata Consumer Products Limited and its subsidiaries focus on branded product offerings in tea, but with a significant presence in plantation activity in India and Sri Lanka.

The consolidated worldwide branded tea business of Tata Consumer Products Limited contributes to around 86% of its consolidated turnover with the remaining 14 per cent coming from bulk tea, coffee and investment income. With an area of approximately 159 square kilometres (61 sq mi) under tea cultivation, Tata Consumer Products Limited produces around 30 million kg of black tea annually. Instant tea is used for light density 100% teas, iced tea mixes and in the preparation of ready-to-drink (RTD) beverages.

Tata Consumer Products Limited has subsidiaries in Australia, Great Britain, The United States of America, Czechia and India.

# MAJOR CLIENTS

Tata Consumer Products Limited serves a diverse range of clients and customers globally through its various subsidiaries and brands. Some of the major clients and customers of Tata Consumer Products include:

1. Retail Chains: Tata Consumer Products supplies its products to various retail chains and supermarkets both in India and internationally. This includes major chains like Walmart, Tesco, Carrefour, and others.
2. Foodservice and Hospitality: Tata Consumer Products supplies its beverages and food products to hotels, restaurants, cafes, and other hospitality businesses globally. This includes partnerships with leading hotel chains and foodservice providers.
3. Grocery Stores: Tata Consumer Products distributes its products through a wide network of grocery stores and convenience stores across different markets.
4. Online Retail Platforms: The company also sells its products through various e-commerce platforms such as Amazon, Flipkart, BigBasket, and others, catering to online shoppers globally.
5. International Markets: Tata Consumer Products has a significant presence in international markets, where it supplies its products to distributors, wholesalers, and retailers.
6. Institutional Clients: Tata Consumer Products serves institutional clients such as corporate offices, educational institutions, healthcare facilities, and other organizations through bulk sales and catering services.

# **SWOT ANALYSIS**

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## **STRENGTHS :-**

- **Wide Range of Products-** Tata Global Beverages has a wide range of products covering almost every range of drinks from different types of coffees to multiple tea options.
- **Global Presence:** The company has a strong international presence, with operations in key markets across Asia, Europe, North America, and Australia, leveraging the Tata brand's global recognition.
- **Joint Ventures and Partnerships:** Partnerships such as Tata Starbucks and collaborations with global brands strengthen market positioning and expand reach.
- **Product Innovation:** Continuous focus on product innovation and adaptation to consumer preferences, such as launching new tea and coffee blends, catering to evolving consumer tastes.

## **WEAKNESS:-**

- **Dependence on Tea Segment:** Reliance on the tea segment for a significant portion of revenue, which can be vulnerable to fluctuations in commodity prices and consumer preferences.
- **Market Saturation:** Some markets may be saturated with competition, limiting growth opportunities in certain regions.
- **Operational Challenges:** Managing operations across diverse geographies can pose logistical and regulatory challenges, impacting efficiency and profitability.

## OPPORTUNITIES:-

- **Growing Health Consciousness:** Increasing consumer awareness about health and wellness presents opportunities to expand product offerings in healthier beverage options.
- **Emerging Markets:** Expansion into emerging markets with rising disposable incomes and growing middle-class population offers growth potential.
- **E-commerce Growth:** Leveraging e-commerce platforms to reach a wider consumer base and enhance distribution channels globally.
- **Sustainable Practices:** Rising demand for sustainably sourced products presents opportunities for Tata Consumer Products to enhance its sustainability initiatives.

## THREATS:-

- **Intense Competition:** Competitive pressures from global and local players in the beverages and food sectors, affecting market share and pricing strategies.
- **Commodity Price Volatility:** Fluctuations in raw material prices, particularly in tea and coffee, can impact profitability.
- **Regulatory Changes:** Changes in regulations related to food safety, labeling requirements, and environmental standards in different markets can pose compliance challenges.
- **Economic Uncertainty:** Economic downturns and geopolitical tensions affecting consumer spending patterns and market demand.

# BALANCE SHEET

Consolidated figures in ₹. Crores / View Standalone

	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Equity Capital	62	62	62	63	63	63	63	92	92	92	93	95
Reserves	4,748	5,787	5,431	6,184	6,202	6,968	7,269	13,723	14,442	15,050	16,184	15,962
Borrowings +	1,389	1,438	1,324	1,354	787	1,068	1,141	1,586	1,634	1,412	1,600	3,477
Other Liabilities +	2,595	2,625	2,641	2,294	2,499	2,362	2,408	3,072	4,050	4,521	4,886	8,345
<b>Total Liabilities</b>	<b>8,794</b>	<b>9,911</b>	<b>9,458</b>	<b>9,895</b>	<b>9,551</b>	<b>10,461</b>	<b>10,881</b>	<b>18,473</b>	<b>20,218</b>	<b>21,075</b>	<b>22,762</b>	<b>27,879</b>
Fixed Assets +	4,434	5,181	4,922	4,662	4,573	4,798	4,913	11,656	12,023	12,599	13,070	19,358
CWIP	91	60	47	39	63	135	424	95	113	247	295	190
Investments	578	611	622	1,366	1,451	1,161	1,188	1,323	806	797	1,433	871
Other Assets +	3,691	4,060	3,867	3,828	3,465	4,366	4,355	5,399	7,276	7,431	7,965	7,461
<b>Total Assets</b>	<b>8,794</b>	<b>9,911</b>	<b>9,458</b>	<b>9,895</b>	<b>9,551</b>	<b>10,461</b>	<b>10,881</b>	<b>18,473</b>	<b>20,218</b>	<b>21,075</b>	<b>22,762</b>	<b>27,879</b>

# PROFIT & LOSS

	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Sales +	7,351	7,738	7,993	6,637	6,780	6,815	7,252	9,637	11,602	12,425	13,783	15,206
Expenses +	6,581	6,986	7,201	6,271	5,988	5,976	6,466	8,345	10,058	10,707	11,927	12,922
<b>Operating Profit</b>	<b>770</b>	<b>752</b>	<b>792</b>	<b>366</b>	<b>791</b>	<b>839</b>	<b>786</b>	<b>1,292</b>	<b>1,544</b>	<b>1,719</b>	<b>1,856</b>	<b>2,284</b>
OPM %	10%	10%	10%	6%	12%	12%	11%	13%	13%	14%	13%	15%
Other Income +	56	170	-77	38	88	73	124	-163	91	88	328	-81
Interest	84	87	82	117	92	43	52	78	69	73	87	130
Depreciation	105	129	133	117	126	116	123	242	255	278	304	377
<b>Profit before tax</b>	<b>637</b>	<b>707</b>	<b>500</b>	<b>170</b>	<b>662</b>	<b>753</b>	<b>735</b>	<b>809</b>	<b>1,311</b>	<b>1,456</b>	<b>1,794</b>	<b>1,696</b>
Tax %	26%	26%	43%	118%	30%	25%	36%	34%	24%	26%	25%	23%
<b>Net Profit +</b>	<b>445</b>	<b>510</b>	<b>273</b>	<b>-37</b>	<b>455</b>	<b>556</b>	<b>457</b>	<b>460</b>	<b>930</b>	<b>1,015</b>	<b>1,320</b>	<b>1,215</b>
EPS in Rs	6.03	7.77	4.01	-0.09	6.17	7.85	6.47	4.99	9.30	10.15	12.96	12.07
Dividend Payout %	36%	29%	6%	-2,572%	38%	30%	39%	54%	44%	60%	65%	64%

# KEY RATIOS

Market Cap ₹ 1,08,375 Cr.

Current Price ₹ 1,137

High / Low ₹ 1,270 / 822

Stock P/E 80.5

Book Value ₹ 169

Dividend Yield 0.68 %

ROCE 10.6 %

ROE 8.32 %

Face Value ₹ 1.00

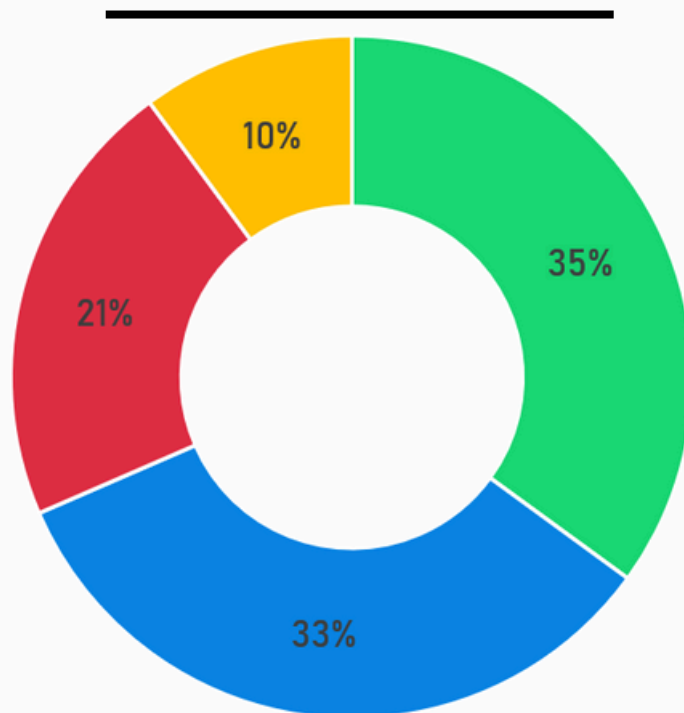
# FINANCIALS

- **Net profit** for the year 2024 is 1,215Cr, profit in 10 years has increased 3 times. In 2013 the net profit was 445Cr. in 10 years the company has shown a very significant growth.
- **EPS** IN 10 years has increased by 100%. In 2024 EPS is Rs.12.
- **Sales** of the company in 2024 is 15,206 Cr. and it has doubled in 10 years. There was no fluctuations in 10 years, there has been a steady growth throughout the years.
- **Return on capital employed** has been the same in 10 years. ROCE IN 2024 IS 11% and it was the same in 2013. This ROCE is very less as the optimum roce is at least 20%
- **Borrowings** of the company have been steady and has not changed throughout the years. Borrowings in 2024 stands at 3,297Cr. This shows that the company is reinvesting its profits back in the business for expansion.
- **Fixed Assets** of the company have increased by 5 times in 10 years, in 2024 it stands at 19,358Cr. and in 2013 it was at 4,434Cr. This shows that the company has expanded vastly and has acquired fixed assets like land, machinery and buildings.
- **Debt to Equity ratio** of the company is 0.11, which shows that the company has acquired assets with its own equity and not through debts.



- **EBITD** in 2024 stands at 1,825Cr. It has increased by 105.6% in 5 years which shows that this company is a profit making company.
- **The share price** of the company has gained by 10 times. It was at Rs.161 in 2015 and now the price is Rs. 1135.
- The major chunk of the **revenue** is generated by the 'indian beverages' production of the company , which constitutes to 35% of the total revenue.

Segment wise distribution of revenue



■ Indian Beverages

■ International Beverages

■ Indian Foods

■ Non-branded

# PEER COMPARISON

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	<a href="#">Tata Consumer</a>	1137.40	80.54	108375.43	0.68	212.26	24.51	3926.94	8.52	10.65
2.	<a href="#">CCL Products</a>	588.80	31.44	7862.12	0.93	65.22	-23.53	726.72	39.73	12.42
3.	<a href="#">Vintage Coffee</a>	73.19	70.31	842.30	0.07	4.30	204.96	42.39	127.78	8.85
4.	<a href="#">Goodricke Group</a>	199.70		431.35	0.00	-75.83	-67.36	130.25	29.89	-14.85
5.	<a href="#">Jay Shree Tea</a>	114.89		331.80	0.00	-15.03	22.37	138.93	-5.36	2.22
6.	<a href="#">Mcleod Russel</a>	26.65		278.37	0.00	-218.42	-50.85	194.95	-13.75	-6.99
7.	<a href="#">Neelamalai Agro</a>	4188.50	11.75	260.55	1.19	7.72	69.00	5.21	-5.96	8.92
	Median: 13 Co.	402.35	25.43	260.55	0.21	-5.46	22.37	42.39	8.52	4.16

- Tata consumers tops the chart in peer comparison. It is India's leading FMCG( Fast Moving Consumer Goods) company.
- It has the highest Market cap among its peers . Its market cap is 1,08,375.4Cr.
- It has the highest ROCE among its peers.
- Its major competitors are CCL products, Vintage coffee .

# CONCLUSION

In my opinion one should definitely buy this share because this company has steady growth and is very profitable. All the numbers and financials are in the favour of this company. The company is constantly working on improving its brand equity even though, they are the best in the country. This company is providing high quality products which is the reason for customer trust.

