

TATA CONSUMER PRODUCTS



Integrated Annual Report 2022-23



**Focused Execution.
For Better.**

In Memoriam

Over his almost 50-year association with the erstwhile Tata Finlay, Tata Tea and Tata Global Beverages Limited (TGBL), R. K. Krishnakumar shaped the evolution of our Company from a plantations business to a leading player in the Indian and global tea industry. He was awarded the Padma Shri for contributions to Indian trade and industry in 2009 and retired as Vice Chairman of TGBL in July 2013.

Under his leadership, 'Tata Tea' became a household name in India. He led the acquisition of Tetley in 2000, India's first major cross-border acquisition, creating the second largest tea Company globally. R. K. Krishnakumar's dynamic tenure also saw the acquisition of other international brands including Eight O'Clock Coffee, and the Company's entry into the liquid beverages category with Himalayan mineral water. In 2012, he spearheaded a joint venture with Starbucks in India.

In addition to his enormous contributions in the corporate sphere, he will perhaps be best remembered for his commitment to the community at large and the welfare of those in need. He had an unwavering conviction that beyond profits, businesses also have a core responsibility to their employees and communities. He spurred the creation of welfare programmes in the tea and coffee plantations associated with the Company, pioneering services to benefit employees and their families. The High Range School and Srishti Trust in Munnar, among various currently operating organisations, stand testimony to his vision and his values.

We, at Tata Consumer Products, remember him with pride and gratitude. We remain committed to his legacy of ambition, execution, resilience and humanity.



R. K. KRISHNAKUMAR
(16 July 1938 – 1 January 2023)

Focused Execution. For Better.

At Tata Consumer, we understand that progress is not just about achieving numbers and metrics, but also about meeting the needs of our stakeholders and ensuring the well-being of our people. We are successfully translating our aspirations into outcomes, based on a clear road map and focused execution. Over the past year, we have made consistent progress in our growth journey and achieved significant milestones.

Whether it is our double-digit revenue growth or the expansion of our total addressable market, accelerated digitalisation, and health and wellness focused innovations, we've continuously pushed the envelope of our growth story. Driven by our For Better philosophy, we executed against our strategy and delivered on our commitment to progress our transformation as one of the leaders in the FMCG space.

Key highlights FY 22-23



11% (10%*)
Revenue growth (consolidated)

7%
EBITDA growth (consolidated)

30%
Group Net Profit growth

* Constant currency growth

Ways we are driving growth



Tata Soulfull – Taste first, health forward

Read more on page 68



Unleashing the potential of NourishCo

Read more on page 72



Entry into protein platform – Tata Simply Better and Tata GoFit

Read more on page 77




Tata Starbucks – Scaling up post COVID

Read more on page 79

About the report

REPORTING APPROACH

The sixth integrated report of Tata Consumer Products Limited, prepared in accordance with the International Integrated Reporting <IR> framework of the IFRS Foundation, reflects our integrated thinking and approach to value creation. The report has been published to provide a holistic view of our strategy, governance, and performance, and how they work in tandem to create value for our stakeholders over the short, medium, and long-term.

 Read the full report online at tataconsumer.com/iar-2022-23/

REPORTING PRINCIPLES

The financial and statutory data presented in this report is in line with the requirements of the Companies Act, 2013 (and the rules made thereunder); Indian Accounting Standards; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and the Secretarial Standards issued by the Institute of Company Secretaries of India. The narrative section of the report is guided by the Integrated Reporting <IR> framework.

Read about our ESG efforts in Sustainability section on Page 90

SCOPE AND BOUNDARY

This report includes information that is material to our stakeholders, and it presents an overview of our Company's major operations along with the associated activities that help in short, medium, and long-term value creation.

LEADERSHIP ACCOUNTABILITY

Our Company's senior management, under the Managing Director's supervision, has reviewed the report content. The Board has provided the required governance oversight.

ESG disclosures are available in BRSR* on Page 234



Introducing our capitals



FINANCIAL CAPITAL

Our financial capital drives investment, growth and expansion of the business.



INTELLECTUAL CAPITAL

Intellectual capital consists of our partnerships, acquisitions and R&D processes that have assisted us in enhancing scalability, meeting nutritional needs of consumers, and addressing new markets.



HUMAN CAPITAL

Human capital is instrumental in building a purpose-driven organisation. Promoting our 'Better Living' ethos is our inclusive, diverse, and high-trust and high-performance culture.



SOCIAL AND RELATIONSHIP CAPITAL

Our social and relationship capital is aimed at creating a shared sense of respect, ethical behaviour and mutual trust.



NATURAL CAPITAL

Our aim through initiatives for natural capital is to minimise the impact of our business on natural resources and create a positive impact with technology and responsible resource management



MANUFACTURED CAPITAL

Manufactured capital is significant to our business and enables the production, processing and delivery of safe and healthy products for our consumers.

What's inside

02 Chairman's Letter

CORPORATE OVERVIEW

- 06 Tata Consumer and its purpose
- 08 Value Creation Model
- 12 Our diverse offerings
- 13 Tata Consumer's F&B platforms
- 14 Brand Highlights
- 22 Presence
- 24 Stakeholder engagement and materiality

PERFORMANCE REVIEW

- 28 Key performance review
- 30 Three years of Tata Consumer
- 32 Q&A with MD and CEO
- 38 Market trends
- 40 Business review
- 44 Awards and recognition

STRATEGY

- 48 Strengthen and accelerate core business
- 58 Drive digital and innovation
- 64 Unlock synergies
- 66 Explore new opportunities
- 80 Create a future-ready organisation
- 86 Embed sustainability

SUSTAINABILITY

- 92 ESG governance
- 94 For better sourcing
- 102 For a better planet
- 110 For better communities
- 118 For better nutrition

GOVERNANCE

- 126 Governance
- 128 Board of Directors
- 132 Leadership team
- 136 Risk management
- 140 Corporate Information

STATUTORY REPORTS

- 144 Board's report
- 179 Management discussion and analysis
- 201 Corporate governance report
- 234 Business Responsibility & Sustainability Report
- 263 GRI Index
- 266 Assurance Statement

FINANCIAL STATEMENTS

- 274 Standalone
- 342 Consolidated
- 429 Subsidiary Companies' financial highlights

NOTICE OF THE ANNUAL GENERAL MEETING

- 434 Notice

OUR INDIA GROWTH BUSINESSES



Tata Sampann



NourishCo



Tata Soufull



Tata Smartfoodz (RTE/RTC Business)

*Business Responsibility and Sustainability Report

Chairman's Letter

Towards a better future

Dear Shareholders,

It is my privilege to present the Integrated Annual Report of Tata Consumer Products for FY 22-23.

I am pleased to report that your Company has made steady progress during the year and is on track in its transformation journey to becoming a leading FMCG player. Despite the continued challenges in the post-pandemic world emanating from a highly volatile macro environment and geopolitical unrest, the Company has delivered a well-rounded performance across key metrics with double digit revenue growth and a strong EPS growth of 28% in FY 22-23.

Importantly, your Company has taken significant steps towards becoming growth oriented and building strong organisational capabilities. During the year, substantial progress has been made in strengthening the core businesses and expanding the total addressable market.

In September 2020 your Company had committed to doubling its numeric reach to 4 million outlets in three years and it is on track to achieve that. The Company has continued to invest in the future growth engines of its portfolio, and this has started delivering results, with the growth businesses recording 53% growth and increasing their salience significantly. In parallel, your Company is driving digital transformation across its business to streamline operations and increase efficiency and effectiveness. It has invested in building a 'fit for future' R&D capability and accelerated the pace of innovation, launching 2X the number of new products versus last year and entering several new categories.

There has been continued focus on streamlining and simplifying the business. My letter last year to you had outlined the plan to merge Tata Coffee's business into Tata Consumer Products to drive revenue synergies and operational efficiencies, in addition to simplifying legal structures and driving cash efficiencies.



The Company has continued to invest in the future growth engines of its portfolio, and this has started delivering results, with the growth businesses recording 53% growth and increasing their salience significantly.

The process is well on track for completion in 2023. Also, as part of a larger strategic exercise, your Company has undertaken structural changes to infuse new talent and bring down cost structures in its international business.

The Company recognises that building a diverse and inclusive workplace is fundamental to achieving long-term business goals. Throughout the year, it has implemented a range of initiatives to strengthen the organisation's talent pipeline through a combination of external recruitment and internal development programmes. Your Company has also focused on employee well-being and recognition and fostering an inclusive culture. It believes that these efforts will not only make the organisation future-ready but also create an engaged and progressive workforce.

The Tata Group is committed to building sustainable businesses. The group initiative, Aalingana outlines the Tata Group's approach to planet resilience, the group's aspiration of net zero by 2045 and the vision of securing the future by innovating today. It commits to embedding sustainability into business strategy by focusing on three interconnected pillars: driving the decarbonisation of our businesses and value chain; applying a systemic, circular economy approach to reduce resource use and waste; and preserving and restoring the natural environment.

As part of this initiative, Tata Consumer has announced its commitment to sustainability targets which include achieving net zero status, water neutrality, promoting a circular economy of plastics, advancing diversity in workforce, producing sustainable products, and implementing sustainable sourcing practices. Your Company believes that these commitments will help achieve its long-term goals and create a more sustainable future for all.

As we move forward, Tata Consumer Products will remain steadfast in executing against its strategy with a sharp focus on growth. Your Company is committed to strengthening its core businesses, accelerating innovation, and unlocking efficiencies while exploring new opportunities both organic and inorganic, and building for the future.

I am grateful for your unwavering support and the dedication of our employees, both of which have been instrumental in the steady progress the Company has made thus far. We value your partnership and look forward to reaching new heights together on this journey.

Warm Regards,

N. Chandrasekaran
Chairman



CORPORATE OVERVIEW

Focused on ‘For Better’

At Tata Consumer, we are committed to pushing boundaries and aiming for better everyday for all our stakeholders. Our extensive range of food and beverage products is carefully crafted to delight consumers.



Tata Consumer
and its purpose

> Read more on
see page 06



Value creation
model

> Read more on
see page 08



Business
segments

> Read more on
see page 12



F&B
platforms

> Read more on
see page 13



Brand
highlights

> Read more on
see page 14



Presence

> Read more on
see page 22



Stakeholder
engagement
and materiality

> Read more on
see page 24

Tata Consumer and its purpose

Towards becoming a full-fledged FMCG company

Tata Consumer Products unites the principal food and beverage interests of the Tata Group under one umbrella. We are making consistent progress in our transformation journey to becoming a leading FMCG Company.

OUR VISION

To build better lives and thriving communities

OUR MISSION

Passionately growing and innovating every day

OUR VALUES

Empathy | Agility | Ownership
Integrity | Excellence

Our Brands

We have a diverse portfolio of brands spanning food and beverages. Our brands embody our purpose of For Better through the value they deliver to consumers. We have strengthened and expanded our brand portfolio with a focus on innovation, health and wellness, convenience and premiumisation. Our product range includes tea, coffee, salt, pulses, spices, dry fruits, water, Ready-to-drink (RTD), Ready-to-cook (RTC) and Ready-to-eat (RTE) options, breakfast cereals, snacks, and mini meals.



Our Impact

12.5+ lakhs CSR beneficiaries

Integrated F&B Company with rich heritage of Tata, aspiring for a larger share of the FMCG World

Brand presence across 40 countries

#2 branded tea player globally

Reach of 200+ Mn households in India and distribute to 3.8 Mn retail outlets

Holistic ESG strategy with targets and commitments across parameters

3,900+ workforce across the globe

Among the top 10 FMCG companies in India

Value Creation Model

Creating value for all

Implementing our purpose ————— Underpinned by our strengths

WE ARE GUIDED BY OUR VALUES
TO FULFILL OUR MISSION

Our sights are set on playing an increasingly more significant role in the consumer products market. We are committed to building better lives and thriving communities and helping create a better world for everyone.

Read more on
page 06

ACROSS
OUR BUSINESS UNITS



Tea



Coffee



Packaged Food



Liquid
Beverages

Read more on
page 12

PURPOSE-DRIVEN ORGANISATION

We are a future-ready, purpose-led organisation, with people as our strength. Hence, we focus on their progress, creating a safe and equitable workspace in our journey 'For Better'.

3,900+ **15,703 hours** **1,200+**
Global Branded Workforce strength Invested in Trainings Women in workforce

OPERATIONAL EXCELLENCE

Our strategically located manufacturing and packaging facilities and a centralised product supply organisation help deliver high-quality products to our consumers.

119 **3**
Locations worldwide (including manufacturing units, corporate offices and dedicated third party units) World-class R&D facilities to drive product innovation

CONSUMER CENTRICITY

High quality products that cater to consumer needs are our value proposition to our consumers. Higher levels of consumer awareness and demand have led to newer ways of staying connected.

- Market leadership in salt and tea in most markets where we operate.
- Inputs from consumer surveys on preferred product attributes (e.g. flavour)

STRATEGIC PARTNERSHIPS

We are transforming our supply chain to better serve our customers efficiently in a competitive market. Having pioneered sustainable tea and coffee sourcing via partnerships, we are committed to replicating it for the other parts of our product portfolio.

~1.5 million **11,000+**
Directly serviced outlets Distribution partners (including retailers and D2C)

INNOVATION AND DIGITALISATION

Leveraging our digital and R&D capabilities, our portfolio of great-tasting products is designed to cater to evolving consumer needs. This year, we focused on integrating digital capabilities across business units and partner ecosystems.

- Dedicated R&D team of **35 Professionals**
- R&D expenditure of **INR 36.35 crores in FY 22-23**
- Digital tools across the value chain

SUSTAINABILITY FOCUS

We rely on nature for material (agricultural products) and process (water, energy etc.) inputs for our business process viz., sourcing, processing, packaging, and distribution. We try to ensure that our environmental footprint is minimal and reversible.

- **1,08,000+** TJ Energy
- **3,03,272 KL** Water
- **7,000+** tonnes of recycled material in packaging

FINANCIAL PRUDENCE

Optimal capital allocation to drive organic and inorganic growth.

- Revenue from operations: **INR 13,783 crores**
- Source of funds
 - Debt: **INR 1,183 crores**
 - Equity: **INR 17,127 crores**
- Capex: **INR 312 crores**
- Operating Working Capital: **INR 1,450 crores**

GOVERNANCE AND RISK MANAGEMENT

Uphold the highest levels of corporate governance ensuring streamlined business operations. Our robust risk management framework enables us to identify, address and mitigate the existing and emerging risks that are posed to our business.

TO ACHIEVE OUR BUSINESS GOALS, WE HAVE
SIX STRATEGIC PRIORITIES



Strengthen
and accelerate
core business



Drive digital
and innovation



Unlock synergies



Explore
new opportunities



Create a future-
ready organisation

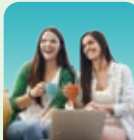


Embed
sustainability

Our business strategy aims to deliver on our ambitions and provide sustainable returns and value to our stakeholders.

Read more on
page 46

CREATING A LASTING POSITIVE IMPACT
ON OUR STAKEHOLDERS



Consumers



People



Communities



Government
and regulatory
authorities



Investors



Value chain
partners



Environment
and ecosystem

Read more on
page 24 & 90

Value Creation Model

Across our business value chain

CONSUMER BEHAVIOUR AND TRENDS
Consumer connects, social listening, and understanding behavioural changes facilitates building purposeful brands

INNOVATION
By leveraging consumer insights, we continue to address untapped and emerging consumer needs through our product and category innovations

MANUFACTURING AND PACKAGING
We are integrating operations and leveraging technology in our manufacturing processes and on packaging circularity

SOURCING
Sustainable sourcing is an integral part of our strategy; Transformation of our supply chain is helping us create a more efficient, cost-effective and sustainable footprint

DISTRIBUTION
Our distribution networks work efficiently to take our products to millions of households

MARKETING AND SELLING
Transparency and responsible marketing have helped us enjoy high levels of consumer trust

Supported by our ESG strategy and commitments

FOR BETTER SOURCING
Dedicated to ensuring that our products are produced in an economically, environmentally, and socially just manner.

Vision
Sustainable value chains from farm to shelf.

Targets
100%
Critical supplier assessments across all geographies by 2030
100%
Sustainably sourced critical raw materials by 2040

FOR A BETTER PLANET
Committed to sustainable utilisation of major natural resources, such as land, water, air, and wild flora and fauna.

Vision
Clean energy, water replenishment, preservation of biodiversity, and circular economy.

Targets
Net Zero
By 2040 across all geographies
Zero waste
To landfill by 2030 across all geographies
Water neutral
Across all operations by 2030
100%
Of packaging material to be recyclable, compostable, or reusable across all geographies by 2030

FOR BETTER COMMUNITIES
Belief in the Tata Group philosophy of giving back to the community and acknowledging the role played by communities in business growth.

Vision
Enhance the quality of life, creating shared value for our communities. Foster an equitable, inclusive, and safe culture.

Targets
2 Mn
Beneficiaries by 2030
50%
Diverse workforce across all geographies by 2030

FOR BETTER NUTRITION
Portfolio of great-tasting products that are designed to enhance health and well-being.

Vision
Improved access to healthy, natural, and safe food for our consumers.

Targets
250 Mn
Households in India to be reached through our product portfolio by 2030
100%
Sustainable products* by volume by 2040

Across our six capitals and our universe of material issues

Capitals

Financial

Intellectual

Human

Social and Relationship

Natural

Manufactured

Material Issues

- Access to nutrition
- Consumer Connect
- Human Rights
- Responsible Marketing
- Value Chain Management
- Community Engagement
- Product Stewardship
- Innovation & Technology
- Circular Economy

- Responsible Sourcing
- Driving Net Zero
- Preserving Nature & Biodiversity
- Corporate Governance
- Equitability
- Employee wellness, Engagement and Health & Safety
- Training and Education

Creating value for our stakeholders

CONSUMER

- 200+ Mn households reach in India
- 24% of new innovations focused on Health and Wellness
- 34 new products launched in India and other geographies
- 8 new products with additional nutritional attributes
- Direct outlet reach of 1.5 million retail outlets and total reach of 3.8 million outlets

GOVERNMENT AND REGULATORY AUTHORITIES

- Setting industry benchmarks and promoting the sustainability agenda
- Transparency in financial reporting and tax matters; FY 22-23 INR 389 crores in direct taxes

INVESTORS

- Making progress on ESG via our ESG strategy and through specific commitments on all parameters
- Robust financial returns; FY 22-23 INR 558 crores distributed as dividends, up 40%. EPS up 28%

VALUE CHAIN PARTNERS

- 25% Growth in alternate channels
- Mutually beneficial partnerships that help realise efficiencies
- >2X the number of channel partners (distributors) from FY 20-21 to FY 22-23
- 55% of Tata Tea sustainably sourced

PEOPLE

- 1,200+ women in workforce
- 31% of the open positions filled by Internal transfers
- 95% talent retention (global graded population)
- Diversity, Inclusion, Equity, Belonging DIB - 77, Engagement Score - 73
- Zero fatalities across manufacturing facilities

COMMUNITIES

- 12.5 lakhs beneficiaries positively impacted through our 10 CSR programmes
- Collaborations and partnerships with Ethical Tea Partnership (ETP), trustee, India Plastics Pact, UK and EU Plastic Pacts

ENVIRONMENT AND ECOSYSTEM

- 100% compliance with EPR
- Support RE installations in supply chain - 19% renewable energy share.
- Steady progress towards water neutrality

Our diverse offerings

Tata Consumer's business segments

Branded Business

INDIA BUSINESS

Packaged Beverages

- Tea
- Coffee

Foods / Packaged Foods

- Salt
- Pantry staples (Tata Sampann)
- Breakfast cereals, snacks (Tata Soulfull)
- RTE/RTC (Tata Sampann Yumside)
- Other (Protein - Tata Simply Better, Tata GoFit)

Liquid Beverages / Ready-to-drink (NourishCo)

INTERNATIONAL BUSINESS

UK | USA | Canada | Others

Non-branded Business

TATA COFFEE INDIA

TATA COFFEE VIETNAM

TATA TEA EXTRACTIONS INC.

Joint Ventures and Associates

TATA STARBUCKS (50:50 JV)

AMALGAMATED PLANTATIONS
PRIVATE LIMITED (APPL)

KANAN DEVAN HILLS PLANTATIONS
COMPANY PRIVATE LIMITED (KDHP)

India Growth businesses

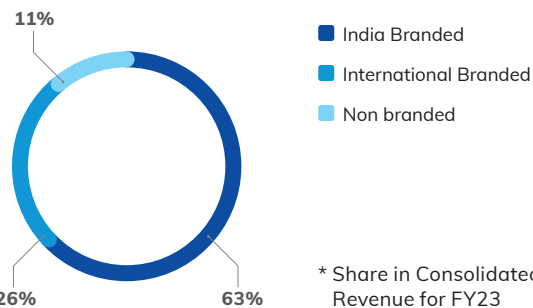
TATA SAMPANN

NOURISHCO

TATA SOULFULL

TATA SMARTFOODZ (RTE/RTC BUSINESS)

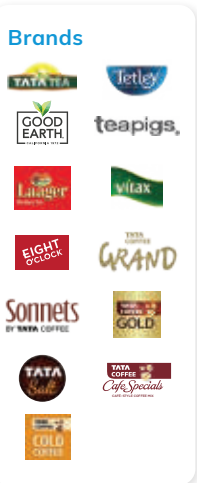
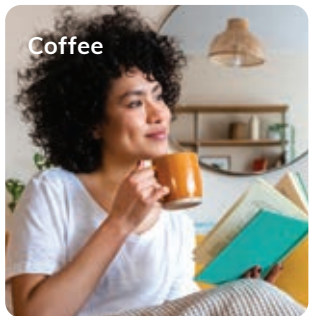
SHARE IN CONSOLIDATED REVENUE*



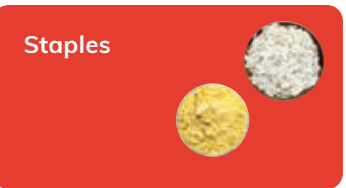
* Share in Consolidated Revenue for FY23

Tata Consumer's F&B platforms

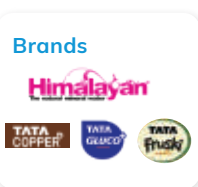
Current core



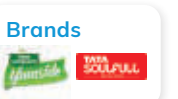
Pantry platform



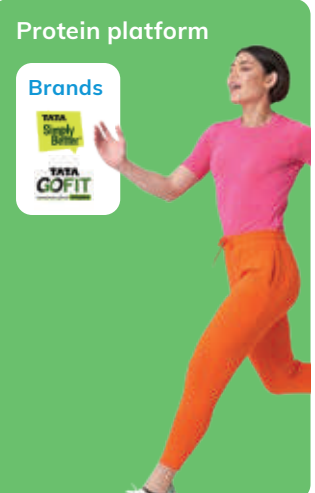
Liquids platform



Mini-meals platform



Horizon 3



RTD - Ready to drink | RTE - Ready to eat | RTC - Ready to cook

Brand Highlights

Creating differentiated experiences



GOLD

- Launched Tata Tea Gold Saffron, our signature Assam tea with natural saffron flavour.
- Restaged Tata Tea Gold Darjeeling.
- Introduced Durga Puja Festive Edition pack series celebrating the various art forms of West Bengal.



PREMIUM

- Launched TATA Tea Premium Street Chai Range with four unique variants.
- Restaged TeaVeda bringing it under the Tata Tea Premium Masterbrand.

One in three households in India wakes up to a cup of Tata Tea. The brand has used its consumer affinity to drive social awakening through a wide range of impactful initiatives.



AGNI

Masterbrand architecture consolidation completed for a sharper positioning.



CHAKRA GOLD

Celebrated Deepavali in Tamil Nadu with the launch of a limited-edition festive pack.



LEAF

Celebrated the festival of Chhath with four special packs backed by a 360 degree campaign in Bihar and Jharkhand.



LAL GHODA AND KALA GHODA

Restaged the brand with new pack graphics as well as a new TVC celebrating Rajasthani hospitality.



KANAN DEVAN

Recorded its highest-ever volume in Kerala led by on-ground activities during Onam.

