




Tata Consumer Products Ltd.

BUY

Sector: Food Products

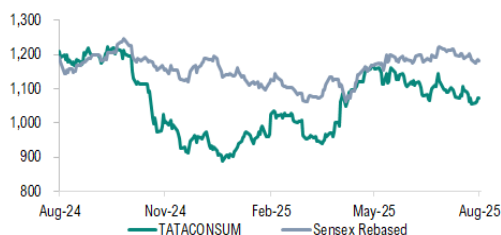
6th August, 2025

| Key Changes | | Target  | Rating  | Earnings  | | Target | Rs. 1,210 |
|-------------|----------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|------------|---------------|------------------|
| Stock Type | Bloomberg Code | Sensex | NSE Code | BSE Code | Time Frame | CMP | Rs. 1,064 |
| Large Cap | TATACONS:IN | 80,710 | TATACONSUM | 500800 | 12 Months | Return | +14% |

Data as of: 05-Aug-2025, 18:00 hrs

| Company Data | | | |
|---------------------------|-------------|---------|--------|
| Market Cap (Rs.cr) | 1,04,999 | | |
| 52 Week High — Low (Rs.) | 1,235 - 884 | | |
| Enterprise Value (Rs. cr) | 109,634 | | |
| Outstanding Shares (cr) | 99.0 | | |
| Free Float (%) | 64.9 | | |
| Dividend Yield (%) | 0.8 | | |
| 6m average volume (lacs) | 15.9 | | |
| Beta | 0.8 | | |
| Face value (Rs.) | 1.0 | | |
| Shareholding (%) | Q3FY25 | Q4FY25 | Q1FY26 |
| Promoters | 33.8 | 33.8 | 33.8 |
| FII's | 23.2 | 21.5 | 22.0 |
| MFs/Institutions | 19.5 | 22.0 | 22.0 |
| Public | 20.5 | 19.9 | 19.4 |
| Others | 3.0 | 2.8 | 2.7 |
| Total | 100.0 | 100.0 | 100.0 |
| Promoter Pledge | Nil | Nil | Nil |
| Price Performance | 3 Month | 6 Month | 1 Year |
| Absolute Return | -8.0% | 0.1% | -11.4% |
| Absolute Sensex | 0.4% | 4.0% | -1.5% |
| Relative Return | -8.5% | -3.9% | -9.8% |

*over or under performance to benchmark index



| Y.E March (Rs.cr) | FY25A | FY26E | FY27E |
|-------------------|--------|--------|--------|
| Sales | 17,618 | 19,644 | 21,707 |
| Growth (%) | 15.9 | 11.5 | 10.5 |
| EBITDA | 2,479 | 2,817 | 3,286 |
| EBITDA Margin (%) | 14.1 | 14.3 | 15.1 |
| PAT Adjusted | 1,284 | 1,667 | 2,100 |
| Growth (%) | -13.1 | 29.9 | 25.9 |
| Adjusted EPS | 13.0 | 16.9 | 21.2 |
| Growth (%) | -16.3 | 29.9 | 25.9 |
| P/E | 82.5 | 63.5 | 50.4 |
| P/B | 5.3 | 6.3 | 6.0 |
| EV/EBITDA | 42.9 | 38.9 | 32.9 |
| ROE (%) | 6.9 | 10.3 | 12.0 |
| D/E | 0.1 | 0.1 | 0.1 |

Topline Led by Tea and Coffee Sales

Tata Consumer Products, a leading Tata Group company, has a global presence in food and beverages. It is the world's second-largest tea company, with significant presence and leadership in several markets.

- In Q1FY26, the company's consolidated revenue rose 9.8% YoY to Rs. 4,779cr, driven by robust performance of the India business.
- The domestic business grew 11% YoY to Rs. 3,126cr, owing to double-digit growth of the tea business on the back of strong volumes and continued momentum in the salt business. During the quarter, the international business rose 9.40% YoY to Rs. 1,145cr.
- EBITDA fell 9.1% YoY to Rs. 607cr and EBITDA margin contracted 260bps YoY to 12.7%, mainly due to a correction in coffee prices in the non-branded segment.
- Reported profit after tax, though, rose 10.3% YoY to Rs. 346cr due to higher other income (+5.1% YoY) and lower interest expenses (-63.9%) and taxes (-11.0%).
- In Q1FY26, within Indian beverages, tea and coffee posted strong growth. Also, value-added salts and the Tata Sampann portfolio saw continued momentum in the food business segment. In fact, the company launched value-added products across categories and further strengthened its omni-channel capabilities. Tata Starbucks expanded its footprint across metros and smaller cities as well.

Outlook & Valuation

The company posted resilient financial performance in Q1FY26, driven by robust growth of the India business, particularly that of tea and salt. The diversified portfolio, including leading brands such as Tata Tea and Tata Salt, positions the company well for long-term growth. Additionally, its focus on innovation and expansion into new channels, such as e-commerce, modern trade and food services, is expected to drive growth. Further, its strong market share, partnerships, and expansion into new categories, such as pharmacy, further enhance its growth prospects. **Hence, we reiterate our BUY rating on the stock, with a rolled forward target price of Rs. 1,210, based on 57x FY27E adjusted EPS.**

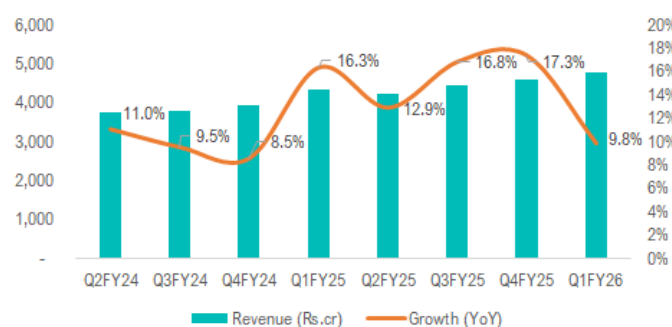
Quarterly Finance Consol.

| Rs.cr | Q1FY26 | Q1FY25 | YoY Growth (%) | Q4FY25 | QoQ Growth (%) |
|---------------|--------|--------|----------------|--------|----------------|
| Sales | 4,779 | 4,352 | 9.8 | 4,608 | 3.7 |
| EBITDA | 607 | 667 | -9.1 | 621 | -2.3 |
| Margin (%) | 12.7 | 15.3 | -260bps | 13.5 | -80bps |
| EBIT | 458 | 519 | -11.8 | 468 | -2.1 |
| PBT | 465 | 448 | 3.9 | 530 | -12.1 |
| Rep. PAT | 346 | 314 | 10.3 | 407 | -14.9 |
| Adj PAT | 334 | 307 | 8.7 | 300 | 11.6 |
| Adj. EPS (Rs) | 3.4 | 3.2 | 4.7 | 3.0 | 11.6 |

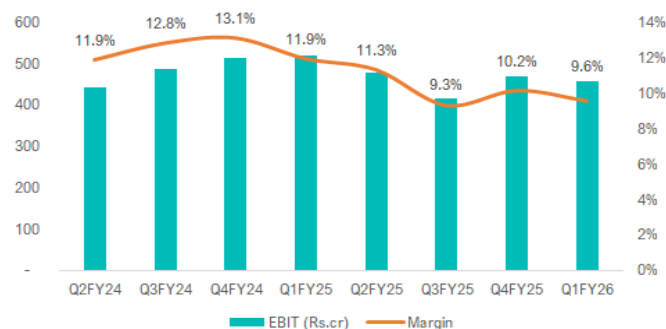
Key concall highlights

- The company's branded business achieved double-digit growth YoY, driven by strong performance of the core businesses of tea and salt, which posted value as well as volume growth. The growth business, though, grew a slower rate of 7%, owing to unfavourable weather conditions impacting the ready-to-drink business. The foods segment delivered a 6% volume growth and 14% revenue growth, with notable performances from salt (13% growth) and value-added salts (31% growth).
- The US operations delivered a strong performance as well, with coffee sales growing 20% YoY, thereby achieving a market share of 4%. However, the Canadian business slowed down due to changes in the promotional timing by major retailer Costco. This is, however, likely a temporary setback.
- The Sampann brand demonstrated a notable 27% YoY growth, driven in part by the successful introduction of new products such as dry fruits and cold-pressed oils.
- The company's overall market share remains strong, with ~20% share in the India branded space and double-digit shares in the fruit and herbal markets.
- The company launched green tea with L-carnitine, which aids in fat burning. And Organic India has partnered with Sachin Tendulkar to boost brand credibility.
- E-commerce grew 61% YoY and modern trade, 21%, with food services also gaining traction.
- The pharmacy business has expanded to 40 cities, with successful activations in large accounts and premium hotel chains.

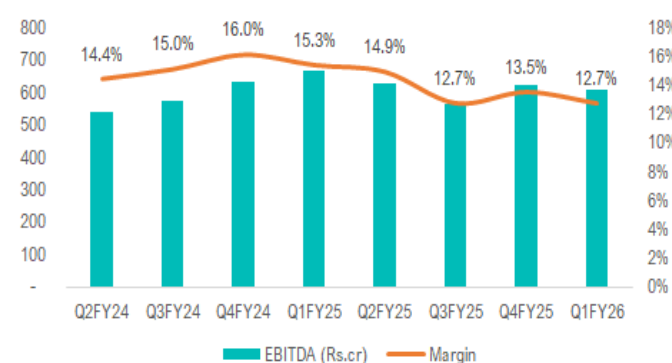
Revenue



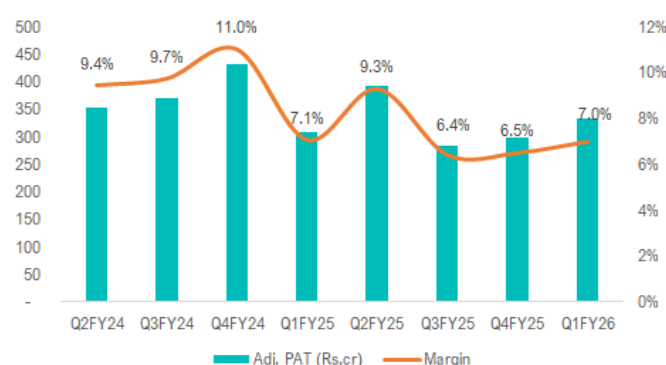
EBIT



EBITDA



PAT



Change in Estimates

| Year / Rs cr | Old estimates | | New estimates | | Change (%) | |
|--------------|---------------|--------|---------------|--------|------------|--------|
| | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Revenue | 19,667 | 21,732 | 19,644 | 21,707 | -0.1 | -0.1 |
| EBITDA | 2,936 | 3,360 | 2,817 | 3,286 | -4.1 | -2.2 |
| Margins (%) | 14.9 | 15.5 | 14.3 | 15.1 | -60bps | -40bps |
| Adj. PAT | 1,759 | 2,155 | 1,667 | 2,100 | -5.2 | -2.5 |
| EPS | 17.8 | 21.8 | 16.9 | 21.2 | -5.2 | -2.5 |



Consolidated Financials

Profit & Loss

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|----------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 13,783 | 15,206 | 17,618 | 19,644 | 21,707 |
| % change | 10.9 | 10.3 | 15.9 | 11.5 | 10.5 |
| EBITDA | 1,856 | 2,284 | 2,479 | 2,817 | 3,286 |
| % change | 8.0 | 23.0 | 8.5 | 13.6 | 16.6 |
| Depreciation | 304 | 377 | 601 | 617 | 604 |
| EBIT | 1,552 | 1,907 | 1,879 | 2,200 | 2,682 |
| Interest | 87 | 130 | 290 | 270 | 259 |
| Other Income | 328 | -81 | 188 | 358 | 411 |
| PBT | 1,794 | 1,696 | 1,777 | 2,288 | 2,834 |
| % change | 23.2 | -5.5 | 4.8 | 28.8 | 23.9 |
| Tax | 447 | 395 | 396 | 572 | 708 |
| Tax Rate (%) | 24.9 | 23.3 | 22.3 | 25.0 | 25.0 |
| Reported PAT | 1,347 | 1,301 | 1,380 | 1,716 | 2,125 |
| PAT att. to common shareholders | 1,204 | 1,150 | 1,278 | 1,667 | 2,100 |
| Adj.* | -159 | 327 | 5 | - | - |
| Adj. PAT | 1,044 | 1,477 | 1,284 | 1,667 | 2,100 |
| % change | 5.7 | 41.5 | -13.1 | 29.9 | 25.9 |
| No. of shares (cr) | 92.9 | 95.3 | 98.9 | 98.9 | 98.9 |
| Adj EPS (Rs.) | 11.2 | 15.5 | 13.0 | 16.9 | 21.2 |
| % change | 4.9 | 37.9 | -16.3 | 29.9 | 25.9 |
| DPS (Rs.) | 8.5 | 7.8 | 8.3 | 8.4 | 9.3 |

Cashflow

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|-------------------------|--------------|---------------|---------------|---------------|---------------|
| Net inc. + Depn. | 1,651 | 1,678 | 1,981 | 2,333 | 2,729 |
| Non-cash adj. | -164 | 247 | 71 | -253 | 778 |
| Other adjustments | - | - | - | - | - |
| Changes in W.C | -25 | 11 | 5 | 5 | -11 |
| C.F. Operation | 1,461 | 1,937 | 2,057 | 2,084 | 3,496 |
| Capital exp. | -140 | -310 | -414 | -491 | -564 |
| Change in inv. | -724 | -3,180 | -1,963 | -37 | -40 |
| Other invest.CF | 37 | 1,560 | 23 | - | - |
| C.F - Investment | -828 | -1,931 | -2,354 | -528 | -605 |
| Issue of equity | - | - | - | - | - |
| Issue/repay debt | -4 | 1,254 | -1,451 | -50 | -49 |
| Dividends paid | -573 | -809 | -741 | -1,000 | -1,109 |
| Other finance.CF | -137 | -190 | 2,645 | -70 | -59 |
| C.F - Finance | -714 | 256 | 453 | -1,120 | -1,217 |
| Chg. in cash | -81 | 261 | 156 | 436 | 1,674 |
| Closing Cash | 2,797 | 2,454 | 2,818 | 3,254 | 4,928 |

Balance Sheet

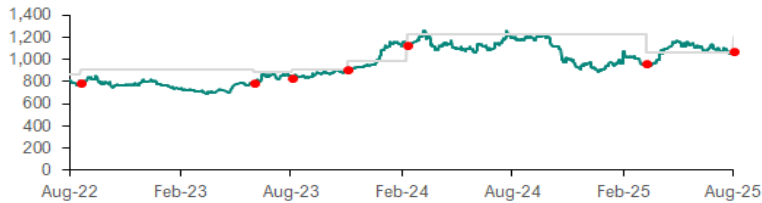
| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash | 2,797 | 2,454 | 2,818 | 3,254 | 4,928 |
| Accts. Receivable | 798 | 897 | 870 | 951 | 1,038 |
| Inventories | 2,702 | 2,769 | 3,600 | 3,956 | 4,330 |
| Other Cur. Assets | 2,012 | 1,306 | 1,682 | 2,624 | 2,822 |
| Investments | 893 | 847 | 890 | 930 | 974 |
| Gross Fixed As-sets | 3,285 | 3,595 | 4,009 | 4,500 | 5,065 |
| Net Fixed Assets | 1,605 | 1,977 | 2,066 | 1,960 | 1,939 |
| CWIP | 286 | 171 | 207 | 186 | 168 |
| Intangible Assets | 10,875 | 16,678 | 18,700 | 18,887 | 19,076 |
| Def. Tax -Net | 49 | 142 | 147 | 160 | 177 |
| Other Assets | 795 | 779 | 998 | 437 | 394 |
| Total Assets | 22,811 | 28,021 | 31,978 | 33,345 | 35,846 |
| Current Liabilities | 2,948 | 3,406 | 4,183 | 4,625 | 5,082 |
| Provisions | 167 | 245 | 232 | 238 | 244 |
| Debt Funds | 1,183 | 2,954 | 1,849 | 1,799 | 1,750 |
| Other Liabilities | 1,386 | 3,980 | 4,323 | 4,768 | 5,553 |
| Equity Capital | 93 | 95 | 99 | 99 | 99 |
| Res. & Surplus | 16,184 | 15,962 | 19,902 | 16,622 | 17,607 |
| Shareholder Funds | 16,277 | 16,057 | 20,001 | 16,721 | 17,706 |
| Minority Interest | 850 | 1,379 | 1,389 | 5,194 | 5,512 |
| Total Liabilities | 22,811 | 28,021 | 31,978 | 33,345 | 35,846 |
| BVPS | 175 | 169 | 202 | 169 | 179 |

Ratios

| Y.E March | FY23A | FY24A | FY25A | FY26E | FY27E |
|--------------------------------|-------|-------|-------|-------|-------|
| Profitab. & Return | | | | | |
| EBITDA margin (%) | 13.5 | 15.0 | 14.1 | 14.3 | 15.1 |
| EBIT margin (%) | 11.3 | 12.5 | 10.7 | 11.2 | 12.4 |
| Net profit mgn.(%) | 8.7 | 7.6 | 7.3 | 8.5 | 9.7 |
| ROE (%) | 8.3 | 8.1 | 6.9 | 10.3 | 12.0 |
| ROCE (%) | 8.5 | 9.4 | 8.1 | 9.3 | 10.7 |
| W.C & Liquidity | | | | | |
| Receivables (days) | 21.2 | 21.6 | 18.1 | 17.7 | 17.5 |
| Inventory (days) | 123.5 | 118.4 | 130.9 | 128.3 | 126.6 |
| Payables (days) | 107.4 | 115.7 | 127.5 | 128.1 | 128.7 |
| Current ratio (x) | 2.1 | 1.2 | 1.5 | 1.7 | 1.9 |
| Quick ratio (x) | 1.1 | 0.6 | 0.7 | 0.7 | 0.9 |
| Turnover & Leverage | | | | | |
| Gross asset T.O (x) | 4.3 | 4.4 | 4.6 | 4.6 | 4.5 |
| Total asset T.O (x) | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Int. covge. ratio (x) | 17.8 | 14.7 | 6.5 | 8.2 | 10.3 |
| Adj. debt/equity (x) | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 |
| Valuation | | | | | |
| EV/Sales (x) | 4.7 | 7.0 | 6.0 | 5.6 | 5.0 |
| EV/EBITDA (x) | 35.1 | 46.5 | 42.9 | 38.9 | 32.9 |
| P/E (x) | 63.2 | 70.6 | 82.5 | 63.5 | 50.4 |
| P/BV (x) | 4.1 | 6.5 | 5.3 | 6.3 | 6.0 |



Recommendation Summary - last 3 years



| Dates | Rating | Target |
|-----------|--------|--------|
| 07-Feb-22 | BUY | 862 |
| 19-Aug-22 | BUY | 907 |
| 01-Jun-23 | BUY | 890 |
| 03-Aug-23 | HOLD | 908 |
| 03-Nov-23 | HOLD | 980 |
| 09-Feb-24 | HOLD | 1,222 |
| 11-Mar-25 | BUY | 1,067 |
| 06-Aug-25 | BUY | 1,210 |


Investment Rating Criteria


| Ratings | Large caps | Midcaps | Small Caps |
|-------------|----------------------------|---------------------------|---------------------------|
| Buy | Upside is above 10% | Upside is above 15% | Upside is above 20% |
| Accumulate | - | Upside is between 10%-15% | Upside is between 10%-20% |
| Hold | Upside is between 0% - 10% | Upside is between 0%-10% | Upside is between 0%-10% |
| Reduce/sell | Downside is more than 0% | Downside is more than 0% | Downside is more than 0% |


Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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