PRIME RESEARCH

Pick of the Week

HDFC securities 25 YEARS Powering India's Investments

Tata Consumer Products Ltd

Building Brands Beyond Tea and Salt

May 17, 2026

HDFC securities 25 YEARS Powering India's Investments

Reco BUY

Industry	FMCG
LTP (May 15, 2026)	1,234
Entry Range	1,220-1,250
Add on Dips	1,090-1,120
Base Case Target	1,349
Bull Case Target	1,441
Time Horizon	4 Quarters

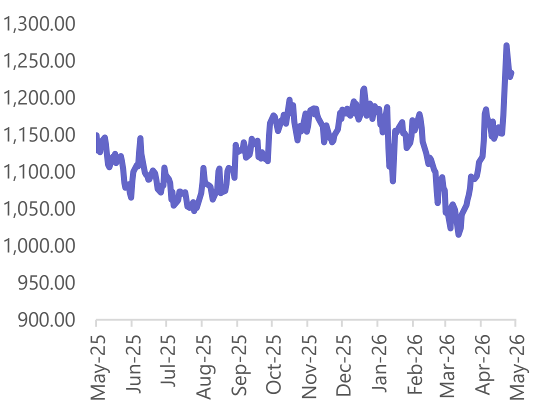
Stock Info

BSE Code	500800
NSE Code	TATACONSUM
Bloomberg	TATACONS:IN
Equity Capital (Rs Cr)	99.0
Face Value (Rs)	1
Equity Share O/S (Cr)	99.0
Market Cap (Rs Cr)	1,22,211
Book Value (Rs)	220.0
Avg. 52 Wk Volumes	13,40,440
52 Week High	1,283
52 Week Low	1,007

Share Holding Pattern (%) (Mar'26)

Promoters	33.8
Institutions	45.0
Non-Institutions	21.2
Total	100.0

One Year Price Chart



* Refer at the end for explanation on Risk Ratings

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Volume led growth, margin expansion and a 'Growth' portfolio at inflexion

Tata Consumer Products Ltd (TCPL) delivered its strongest quarterly performance in years in Q4FY26, driven by a robust 16% underlying volume growth (UVG) in India Branded Business. Overall, the company has delivered its second consecutive year of mid double-digit revenue growth at 15.2% in FY26, led by 13% UVG in India Branded business, which commands ~65% revenue share.

Growth has been broad based across categories, even as tea and coffee encountered deflationary price environments. The India Foods business grew 21% YoY in Q4 and 18% for the full year; Tata Sampann posted an exceptional 69% growth in Q4 and 46% for FY26; and the Growth Businesses (non-Tea, non-Salt) crossed Rs 4,000 cr in annual revenue, contributing 31% of the India business, from ~8% in FY21. TCPL has been able to successfully scale up its Growth portfolio of – NourishCo, Tata Sampann and Ready-to-Drink (RTD) brands, adding a new vector of strong along with sustained momentum in its core businesses of tea, coffee and salt. International business continues to scale with Eight O' Clock brand gaining market share in the US and Tetley becoming the 3rd largest brand in the UK.

TCPL continues to transform itself from a concentrated brand portfolio into an umbrella of brands in the Indian Foods and Beverages category. The company has amped up its innovation intensity, with new product launches nearly doubling in FY26. Newly acquired businesses of Capital Foods and Organic India continue to be integrated with its existing distribution channels and the company has an expansive innovation pipeline lined up for these businesses, going forward. We expect TCPL to continue delivering on the India volume growth front, driven by sustained momentum in Tata Sampann, the increased salience of new categories such as RTD and capacity expansion in non-branded business.

We believe investors can buy the stock in the Rs 1,220-1,250 band (52.5x FY28E EPS) and add on dips in Rs 1,090-1,120 band (47.0x FY28E EPS) for a base case fair value of Rs 1,349 (57.5x FY28E EPS) and bull case fair value of Rs 1,441 (61.5x FY28E EPS) over the next 4 quarters.

Our Take

India Business Volumes Continue to Sustain

TCPL's India branded business delivered 16% UVG in Q4FY26 and 13% in FY26, the highest quarterly UVG in the company's recent history and a significant acceleration from ~9-10% in H1FY26. Q4 growth was broad based with Tea volumes growing by 4% (with revenue marginally lower as lower procurement costs were passed on to consumers), Coffee revenues up by 20% and Salt clocking its 5th consecutive quarter of double-digit growth at 12%.

Volume growth in new categories such as RTD and non-branded solubles has been of note. The company continues to invest in expanding distribution presence and innovation pipeline to drive continued volume growth.

The Emergence of Tata Sampann as a Key Growth Driver

Tata Sampann has emerged as a powerful growth engine, demonstrating that TCPL can build meaningful branded presence in the large and structurally attractive pulses, spices, and ready-to-cook categories where there is a huge leg room for growth as consumption shifts from unorganized to organized segment. Tata Sampann has posted an exceptional 69% growth in Q4 and 46% for FY26. The shift in consumer preferences towards Q-commerce and e-commerce has aided growth momentum for Sampann.

Pivot from Core towards 'Growth' Portfolio

TCPL's Growth Businesses — comprising Tata Sampann, NourishCo (Tata Gluco+, Himalayan, Tata Copper+), Capital Foods (Ching's Secret, Smith & Jones), Organic India, and the RTD portfolio — crossed Rs 4,000 crore in annual revenue in FY26, growing 24% and contributing 31% of India business revenue.

NourishCo, in particular, stands out. The management guided for ~30% growth for NourishCo in FY27, driven by the expansion of the Himalayan water brand into new geographies and pack sizes, and the scaling of Tata Gluco+ and Tata Copper+ into the large but underpenetrated functional hydration segment.

These businesses have successfully leveraged TCPL's extensive reach to more than 290 mn household to quickly establish brand loyalty and are expected to drive the benefits of scale in the next leg of growth.

International Business Strong Amid Headwinds

The International business delivered 11% constant-currency growth in Q4FY26, led by the US coffee segment (Eight O'Clock Coffee). For FY26, international revenues grew ~15% YoY in INR terms, contributing approximately Rs 5,500+ (including non-branded) cr to consolidated revenues. The US coffee business, which had faced volume headwinds during the period of elevated coffee prices in FY25, is recovering as Eight O'Clock's value positioning resonates with cost-conscious US consumers. The unbranded solubles business in Vietnam is operating at 99% utilisation, and TCPL's board has approved a capacity expansion project expected to come online by early FY28.

Valuation & Recommendation

TCPL's 16% India UVG in Q4FY26 is not an accident but an output of a multi-year GTM transformation that involved restructuring distribution beats, adding distributors, investing in technology for real-time sell-out tracking, and aligning distributor incentives with volume outcomes. The pan-India completion of the new GTM model in early FY26 means FY27 will be the first full year of running on the optimised platform.

The company has structurally grown its India Foods business over the last years, now overtaking India Beverages business as the highest revenue contributor. Salt continues to dominate market share and deliver consistent margins despite being a commodity. Tata Sampann has provided growth impetus, growing at a robust 34% CAGR between FY21-26. India's business continues to remain resilient even as International business navigates geopolitical-led disruptions. We expect revenue/EBITDA/PAT CAGR of 10.8%/16.6%/21.2% between FY26-28E, driven by resilient volume growth and operating leverage led margin expansion.

We believe investors can buy the stock in the Rs 1,220-1,250 band (52.5x FY28E EPS) and add on dips in Rs 1,090-1,120 band (47.0x FY28E EPS) for a base case fair value of Rs 1,349 (57.5x FY28E EPS) and bull case fair value of Rs 1,441 (61.5x FY28E EPS) over the next 4 quarters

Financial Summary

Particulars (in Rs Cr)	Q4FY26	Q4FY25	YoY-%	Q3FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Operating Income	5,434	4,608	17.9%	5,112	6.3%	15,206	17,618	20,290	22,570	25,348
EBITDA	792	621	27.6%	721	10.0%	2,284	2,479	2,792	3,318	3,866
APAT	416	300	39.0%	407	2.2%	1,477	1,284	1,562	1,929	2,317
Diluted EPS (Rs)	4.2	3.5	21.5%	3.9	9.3%	15.7	13.1	15.8	19.5	23.4
RoE-%						9.1	7.1	7.5	8.7	10.0
P/E (x)						78.8	94.1	78.2	63.3	52.7
EV/EBITDA (x)						53.3	48.5	42.9	35.7	30.3

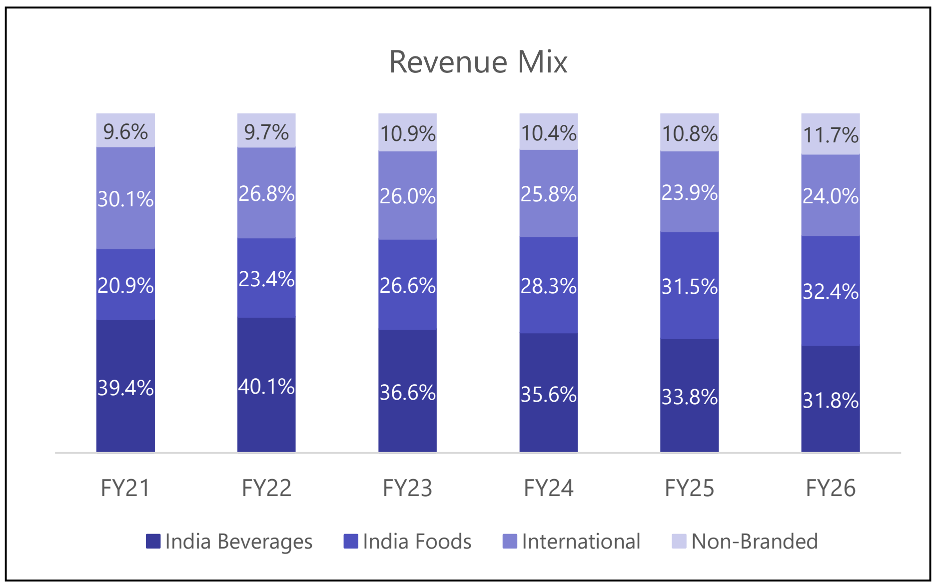
Segment Mix

Segment Mix	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Revenue (in Rs Cr)												
India	2,478	2,404	2,375	2,480	2,815	2,655	2,834	2,937	3,126	3,122	3,203	3,328
% of net sales	*65.9%*	*64.0%*	*62.0%*	*62.8%*	*64.4%*	*62.6%*	*63.2%*	*63.3%*	*64.9%*	*62.3%*	*62.1%*	*60.9%*
International	895	950	1,028	1,052	1,046	1,116	1,192	1,194	1,145	1,288	1,400	1,418
% of net sales	*23.8%*	*25.3%*	*26.9%*	*26.6%*	*23.9%*	*26.3%*	*26.6%*	*25.7%*	*23.8%*	*25.7%*	*27.1%*	*25.9%*
Non-Branded	377	388	411	402	501	462	446	501	536	590	547	714
% of net sales	*10.0%*	*10.3%*	*10.7%*	*10.2%*	*11.4%*	*10.9%*	*10.0%*	*10.8%*	*11.1%*	*11.8%*	*10.6%*	*13.1%*
EBIT (in Rs Cr)												
India	328	331	368	320	326	243	210	242	290	359	400	454
EBIT Margin	*13.3%*	*13.8%*	*15.5%*	*12.9%*	*11.6%*	*9.2%*	*7.4%*	*8.2%*	*9.3%*	*11.5%*	*12.5%*	*13.7%*
International	116	96	109	164	176	167	167	157	155	148	172	152
EBIT Margin	*12.9%*	*10.1%*	*10.6%*	*15.6%*	*16.8%*	*15.0%*	*14.0%*	*13.2%*	*13.5%*	*11.5%*	*12.3%*	*10.7%*
Non-Branded	50	57	49	92	96	106	93	112	65	76	66	74
EBIT Margin	*10.0%*	*10.3%*	*10.7%*	*10.2%*	*11.4%*	*10.9%*	*10.0%*	*10.8%*	*11.1%*	*11.8%*	*10.6%*	*13.1%*

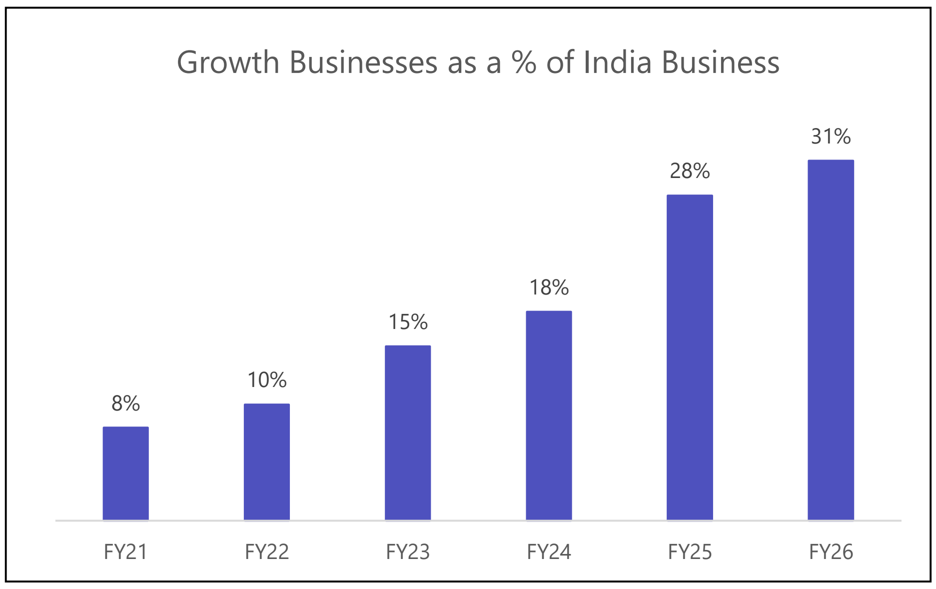
(Source: Company, HDFC sec)

Story in Charts

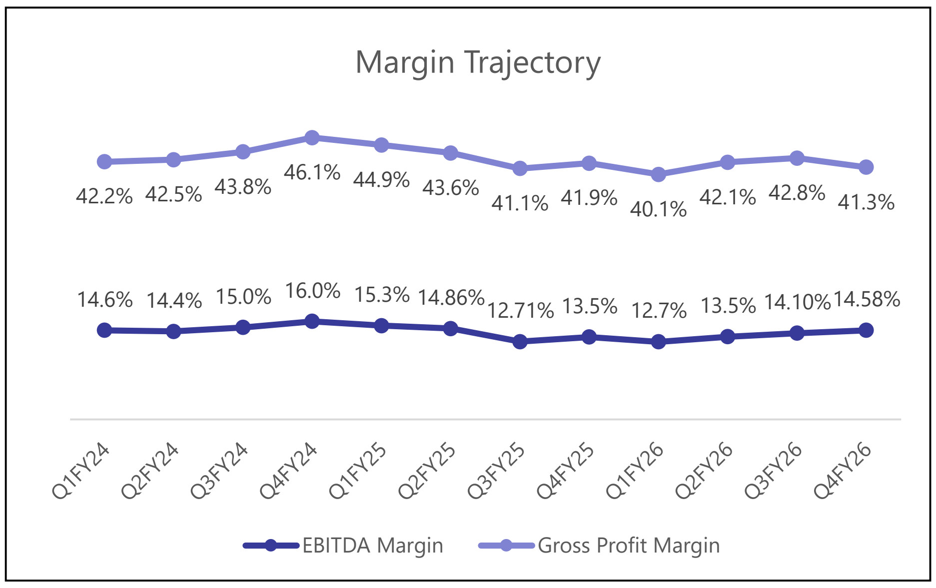
India Branded business continues to dominate revenue mix



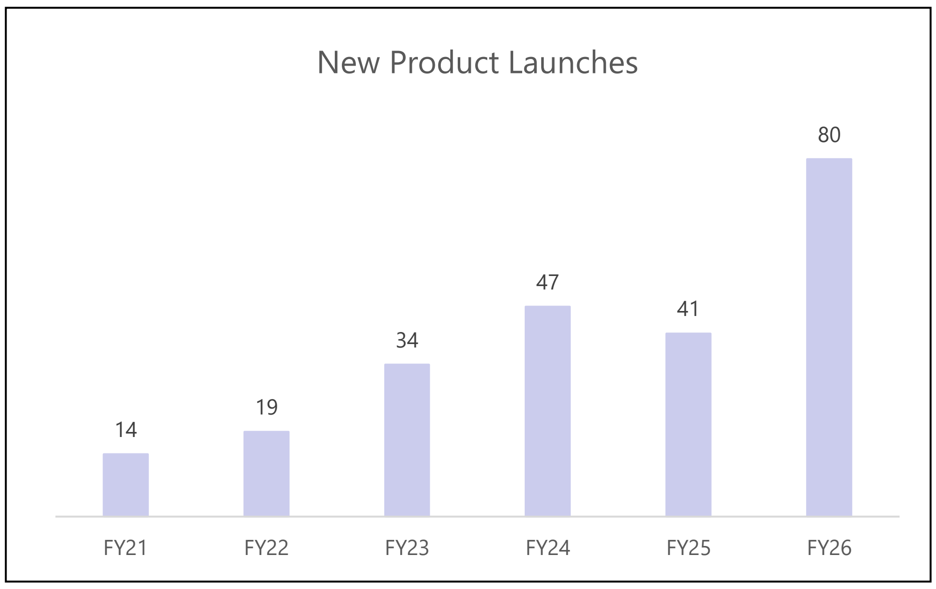
'Growth' businesses have scaled up over the last few years



EBITDA Margins have rebounded after a subdued H1FY26



New Product launched nearly doubled in FY26



(Source: Company, HDFC sec)

Q4FY26 Result Review

TCPL reported a stellar Q4FY26, delivering 17.9% YoY growth in revenue on the back of robust 16.0% YoY UVG in India Branded business, its third straight quarter of mid-double digit volume growth in the business. Overall Indian business grew by 13.3% YoY, primarily led by a strong YoY growth of 20.6% in India Foods business.

Within its Core businesses, **India Tea** volumes came in at 4%, with revenue marginally declining as the benefit of lower input costs was passed on to consumers. **Coffee** on the other hand, continued to drive momentum, growing 20% YoY. **Salt** delivered 12% revenue growth during the quarter.

'Growth Businesses' delivered a strong quarter, growing 33% YoY with Tata Sampann delivering 69% YoY growth in Q4FY26. Ready-to-Drink (RTD) delivered 3rd consecutive quarter of double-digit growth with volume/revenue growing by 28%/23%, respectively. Capital Foods and Organic India together grew 8% in Q4; with domestic business growing 15% but Exports declining 9% owing to geopolitical disruptions.

International business maintained a strong trajectory, delivering 11% constant-currency (CC) growth in Q4, led by the US Coffee business. UK returned to growth in Q4 as revenue grew 3% YoY, whereas US revenue grew by 24% YoY on the back of pricing actions. Canada revenue growth stood at 7% YoY.

Non-branded business revenue grew by 42.5% YoY as Solubles business grew 43% YoY in CC terms., led by higher growth in Coffee Solubles business. Plantation revenue growth was at 28% YoY.

Gross Profit margin declined by 65 bps YoY due to price cuts in the India Beverages business. EBITDA margin however, expanded by 111 bps YoY on account of operating leverage and lower other expenses due to softer advertising and promotional spends. In absolute terms, EBITDA grew by 27.6% YoY and APAT (excluding exceptional) grew by 43.0% YoY.

Key Concall Takeaways

- India Foods volume was up 15%, primarily driven by salt, but net revenue was also up 21%. The company continues to improve its Salt market share, despite a high base (+100 bps in Q4).
- TCPL continues to ramp-up innovation-to-sales as innovation led revenue has growth 7x between FY21-26. Innovation is focused on 3 pillars: Health & Wellness, Convenience, and Premiumization.
- India has significantly improved over the last year, while internationally and non-branded, we saw some contraction in margins.
- Management continues to remain confident sustained double-digit revenue growth for FY27, with no change to the strategic framework of EBITDA growing ahead of revenue led by strong underlying volume trends and expanding distribution footprint.
- EBITDA margin expansion guidance of 50–75 bps for FY27 with near term volatility over the next 2-3 months on account of higher commodity prices. While commodity costs have softened, there is inventory in the channel of raw material, and therefore, the entire margin expansion hasn't happened. As inventory levels replenish over the next 2-3 months, margin levels are expected to normalize on the back of an up-cycle in coffee prices.
- Sampann growth was broad-based, with categories like pulses, poha, and vermicelli all witnessing growth as well as impetus in NPDs. Shift to q-commerce and e-commerce also aided growth.
- NourishCo growth continues to remain in the 30% range, driven by Himalayan expansion and the scaling of functional beverage sub-brands.
- GTM transformation, completed across India in early FY26, is expected to deliver incremental distribution gains and operating leverage through FY27, with management noting that the 189 new distributors added and the 25,000 retail beat restructuring are still in the ramp-up phase.
- Shipping disruptions through the Dubai transshipment hub (linked to Middle East geopolitical tensions) impacted international exports in March 2026, with management noting operations normalised by April. This is not expected to have a material impact on FY27.
- US coffee business (Eight O'Clock) continues to perform well in the value-premium segment; US tariff developments are being monitored but no material direct impact on TCPL's US operations is currently anticipated, as Eight O'Clock sources and roasts domestically.

Key Rationale

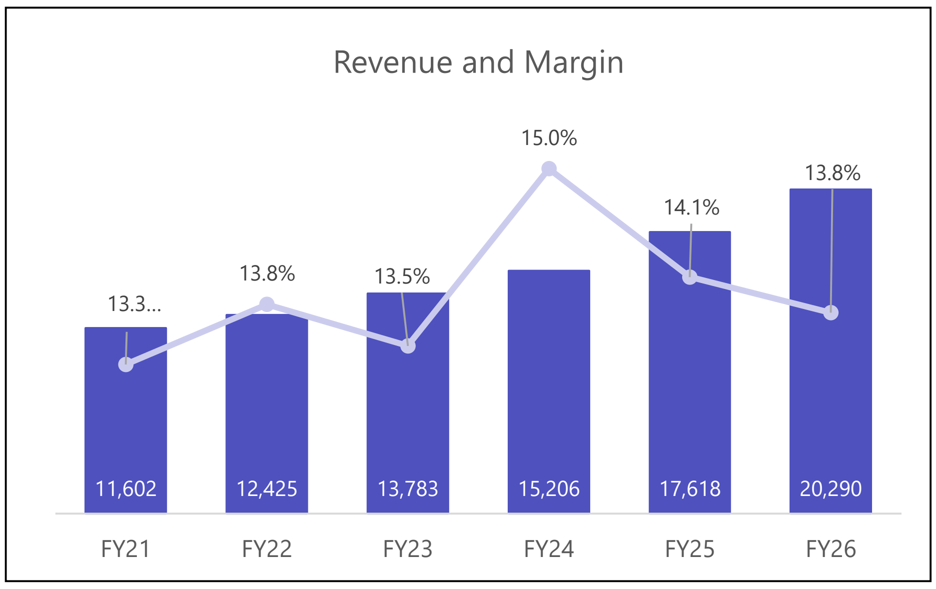
A house of market leading brands backed by trust in the name 'Tata'

- Over the last 5 years, TCPL has evolved from a few named brands in key categories such as salt, tea, and coffee (Core Business) to a multi-brand portfolio across the food and beverage categories. Its brand portfolio now spans a gamut of packaged food and beverage offerings in India.

Strong brand portfolio in Foods & Beverages

- TCPL's brands continues to dominate in respective categories and geographies with Tata Salt being the largest salt brand in India, Tata Tea being the 2nd largest tea brand in India, Tetley being the 3rd largest tea brand in UK & largest tea brand in Canada. Eight O'Clock is the 4th largest R&G coffee brand in USA.
- Not only that, TCPL's newer brands such as Himalayan water (#1 natural mineral water brand in India) and Tata Sampann in adjacent categories have also scaled up well over the past few years, driving significant market share gains in their respective categories.
- In a category where consumers are highly price-sensitive, Tata Salt commands a ~20% market share with minimal switching risk, because 'Tata' functions as a quality guarantee that no private label or regional brand can easily replicate. This has helped the company command pricing power through brand equity.
- TCPL has also been able to translate this trust into expanding its portfolio to new launches such as Tata Sampann, NourishCo, Tata Soulfull, gaining instant credibility in relatively newer brands.
- This has also enabled the company to drive better margins as it is able to sell its products organically, driving lower A&P spends in the range of ~6%-7% as compared to peers' ~10%-11%, delivering comparable to better growth outcomes in key categories.
- The salience of Core business reducing from 92% in FY21 to 69% of revenue in FY26, resulting a robust revenue CAGR of 11.8% during this period

Revenue have grown at 11.8% CAGR between FY21-26



Strong brand portfolio with leadership position across categories

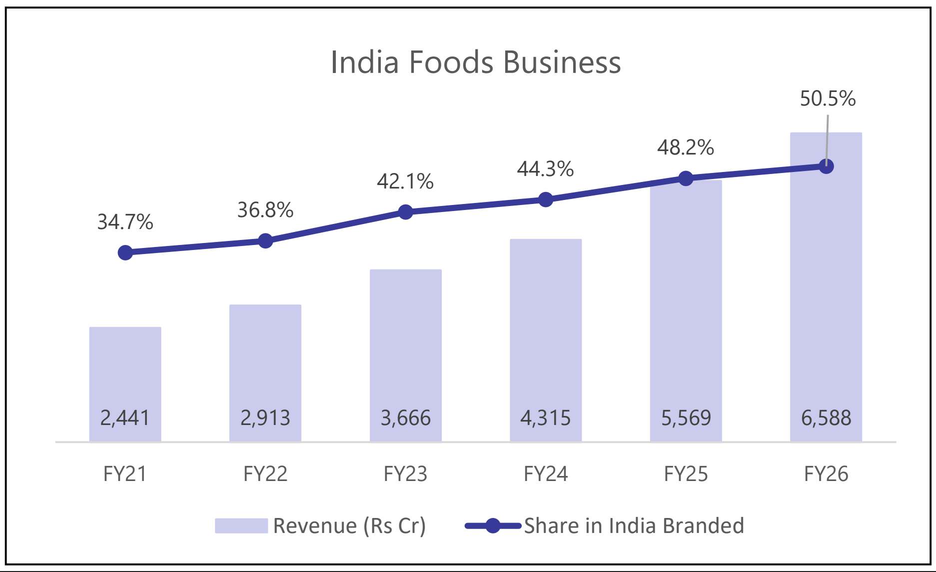
(Source: Company, HDFC sec.)

India Foods is now the largest contributing segment

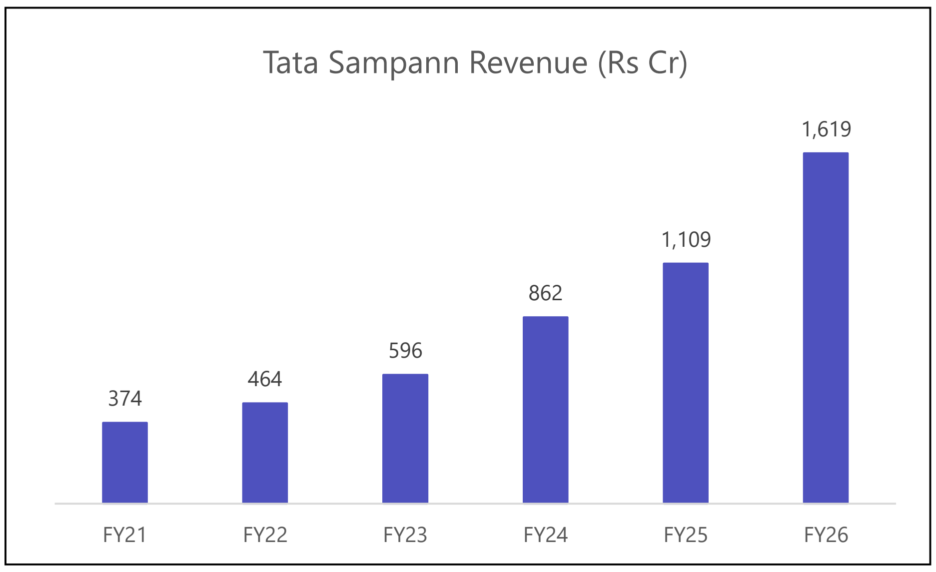
India Foods Business continues to scale

- TCPL has rapidly scaled-up its India Food Business (Sampann + NourishCo + Capital Foods + Organic India + RTD) over the last 5 years with its contribution increasing from 34.7% in FY21 to 50.5% in FY26, growing at a CAGR of 22.0% during this period and surpassing India Beverages as the largest revenue contributing segment.
- This milestone marks a fundamental shift in TCPL's identity — from a Tea & Salt company to a diversified branded foods platform.
- **Tata Sampann** alone, (pulses, spices, besan, poha, and ready-to-cook mixes) is addressing a market of several lakh cr in annual consumer spending, of which the branded organised segment is less than 15–20%. The structural shift from loose/unorganised to branded and packaged in these categories is a multi-decade opportunity, and Sampann's 46% full-year FY26 growth demonstrates the multi-fold growth opportunity in the segment.
- **Salt** continues to be the staple in the India Foods business, growing 14% in FY26 to cross revenue mark of Rs. 4,000 cr, supported by double-digit volume growth.
- Other vectors of growth in the India Foods business include **Capital Foods** (Ching's Secret, Smith & Jones) and **Organic India** (acquired in FY24), which are gradually being integrated in the TCPL distribution infrastructure, leveraging TCPL's reach of 3.5 mn+ outlets.
- Organic India closed FY26 on a strong note, delivering 24% growth whereas Capital Foods witnessed a soft year on account of shipping disruptions following the Middle East conflict and closed the year with 5% growth. These business provide a long runway for growth for TCPL and are highly margin accretive for base Indian business with a combined gross margin of 48% in FY26.
- TCPL continues to expand its portfolio in these categories with the launch of Manchurian and Schezwan Cup Noodles under Ching's Street and the expansion of its wellness portfolio with new Organic India "Advance" formulations, strengthening its presence in the herbal supplement category.

India Foods business has grown more than 2.5x between FY21-26



Huge growth potential for Tata Sampann with large TAM



(Source: Company, HDFC sec.)

Widening and deepening presence across different channels

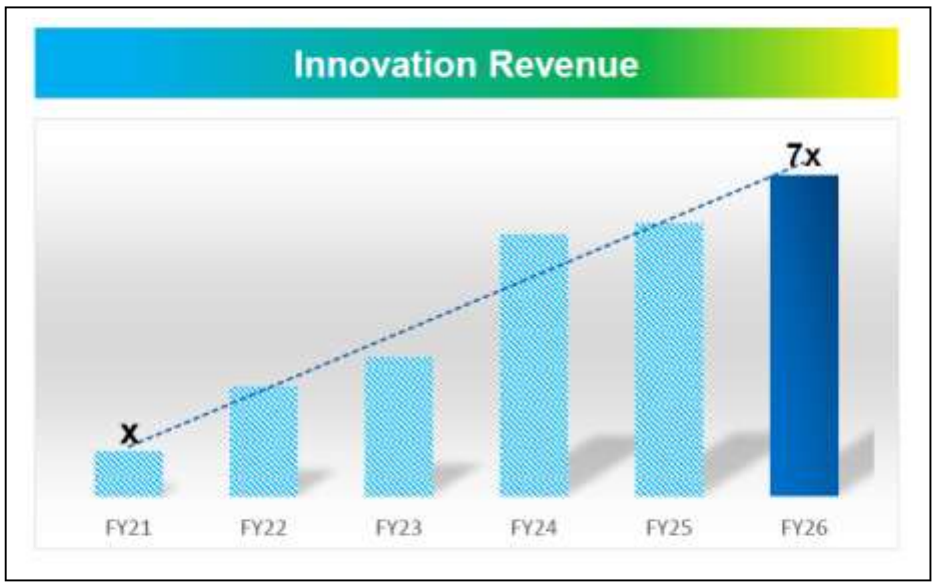
Expansive distribution reach

- TCPL has created a wide distribution network, reaching more than 290 mn households in India and distributing to more than 4.5 mn retail outlets.
- The company continues to widen its rural network and increase the depth of its urban distribution
- Consumers engage with Tata Consumer products in various categories across millions of outlets in General Trade, and alternate channels of Modern Trade, e-commerce and q-commerce, establishing credible brand equity and driving organic market share gains.
- TCPL's assortments are tailored to meet the changing consumer needs and shopping behaviours in each retail channel, helping it establish a leadership position in many categories. TCPL has also devised a robust omnichannel strategy to provide consumers with a unified retail experience.
- Quick commerce and e-commerce channels grew 62%+ in FY26 and now contribute a meaningful and growing share of domestic revenues. TCPL's early investment in building digital-first channel capabilities is paying off as urban consumption increasingly shifts to on-demand and online models.
- TCPL is increasingly focusing on optimising these channels with modern trade and q-commerce/e-commerce contributing 15% and 19%, respectively, to India's business in FY26. TCPL has also developed new channels such as Foods Services, Vending (Tata MyBistro) and Pharmacy that have gained significant salience in FY26 with a combined Q4FY26 exit ARR of Rs 300 cr.

Growth through accelerated Innovation

- TCPL has focused on developing new products that deliver relevant differentiation and value addition to the rising new aspirational consumer base in India. TCPL's innovation-to-sales ratio stood at 4.5% in FY26 with the company launching 80 new products during the year (41 in FY25).
- The company has been able to substantially grow its innovation revenue by 7x in FY26 from its base year of FY21 with a focus on 3 pillars: Health & Wellness, Convenience, and Premiumization.
- Over the past couple of years, TCPL has significantly accelerated its innovation velocity with the first 100 nre launched taking 4 years and the next 100 delivered over the last 2 years. TCPL delivered 1 launch per week in FY26, compared to 1 launch per month in FY21.
- TCPL's innovation pipeline remains robust, with several value-added products planned across categories. The management plans to scale up its relatively new businesses of Capital Foods and Organic India through rapid product innovation and new launches.
- TCPL's product innovation is guided by its Nutrition Policy, which focuses on – Superior Experiences (experiential food and beverage products offering an indulgence/treat), Nutritionally Enhanced Offerings (educating consumers about nutrition and enabling healthier choices) and Sustenance (products for regular consumption known for their holistic goodness).
- The company has further strengthened its R&D capabilities through science-backed disruptive innovation, resulting in differentiated products such as Tata Sampann's easy cook range, Tetley's instant green tea in powder format, Tata Soulfull's no maida rusk with millets and cornflakes with millets.

Best-in-class innovation-to-sales ratio of 4.5% in FY26



Focus on 3 pillars for accelerated innovation led growth

(Source: Company, HDFC sec.)

International Business to recover from near term headwinds

- The International business contributes ~27% of consolidated revenues but generates disproportionately higher margins on branded products (Tetley in UK/Canada, Eight O'Clock Coffee in the US). The unbranded solubles business in Vietnam, while lower margin, is at capacity and growing, with an approved expansion project adding the next leg of growth.
- TCPL's International business has continued to scale up at a 6.8% CAGR between FY21-26, delivering 15.9% YoY growth in FY26 (9% CC) despite geopolitical headwinds during the year.
- The Eight O'Clock Coffee brand has gained share in the US value-premium segment as consumers trade down from ultra-premium single-serve formats. The brand's clean, transparent positioning resonates in a US market increasingly focused on value for money, a tailwind that could persist through the current US economic slowdown cycle.

Tata Starbucks JV continues on a growth journey

- Tata Starbucks, India's largest café operator by store count, continues to expand its presence with diverse store formats, innovative offerings and immersive customer experiences.
- TCPL reported its 3rd consecutive positive same stores sales growth (SSSG) for Tata Starbucks in Q4FY26, with the brand's footprint expanding to 502 stores across 80 cities
- For full year FY26, the JVY delivered YoY growth of 7%, with strong operating leverage driving double-digit YoY EBITDA growth. The brand opened 23 new stores during the year.
- The company has an ambition of operating 1,000 stores under the brand as a part of the long-term strategy to expand across Tier 2 and Tier 3 cities.
- TCPL has built a differentiated "Everyday Choices Made Better" platform under the brand, with Protein Cold Foam and zero-added-sugar syrups scaling strongly. TCPL has also advanced beverage customisation, with hot beverages now served with zero/low/regular sugar options and strengthened the premium footprint with the launch of the second Reserve store in Gurugram.

Structural Margin expansion through operating leverage

- TCPL's EBITDA margin has expanded from ~13.3% in FY21 to 14.6% in Q4FY26, with management guiding for a further 50–75 bps expansion annually, led by strong underlying volume trends and expanding distribution footprint.
- The key levers are: (a) scale — as fixed overheads are distributed over a rapidly growing revenue base; (b) mix improvement — Foods growing faster than Beverages and both premiumising; (c) GTM efficiency — lower cost-to-serve as the restructured beat system matures; and (d) procurement discipline — leveraging Tata Group's supply chain networks.
- As TCPL scales up its 'Growth' business from current Rs 4000 cr ARR, and integrates newer brands such as Ching's and Organic India under its distribution umbrella, we expect operating leverage benefit to further accelerate in the coming years, providing a structural boost to the margins
- The commodity pricing situation, albeit volatile, remains with elevated packaging costs and LPG prices posing as near-term headwinds. Tea procurement costs remain roughly flat, entering into FY27 and coffee prices continue to scale down, impacting existing inventory levels. However, as new inventory purchases kick in over the next 2-3 months, this is expected to normalize.
- While TCPL may explore calibrated price hikes in response to any cost escalation in the near term, we believe it should be able to sustain its long-term margin expansion trajectory as it continues to deliver volume-led growth across categories.

Strong balance sheet position to drive future capex expansion

- TCPL's net cash position remains strong at Rs 2,978 cr as of March 31, 2026, providing ample firepower for organic capex and selective bolt-on acquisitions.
- The Board in Q4FY26, approved Rs 160 cr capex for a new 2,000 MT Instant Tea manufacturing facility in India, addressing saturation of existing capacity and growing institutional/B2B demand for Instant Tea extracts.
- Vietnam unbranded solubles facility is running at 99% utilisation; capacity expansion project already underway, expected to come online early FY28 — this will give the non-branded solubles business the next leg of growth.

Risks & Concerns

- **Commodity price volatility:** Tea, coffee, salt, and other input costs can swing sharply, pressuring gross margins if price hikes do not fully pass through.
- **Execution risk in growth initiatives:** Faster-than-expected integration of acquisitions, new product launches, or premiumization efforts is critical; delays can hurt growth and returns.
- **Demand concerns and shift in consumer preferences:** Changes in consumption patterns, trade-down behaviour, or preference for healthier/new-age beverages and foods can affect brand performance. Any significant economic slowdown may impact demand for branded goods.
- **Increase in competition from incumbents and D2C players:** The India Foods segment is attracting increasing competition from aggressive expansion by incumbents and a growing cohort of D2C players in pulses, spices, and healthy snacking. While TCPL's distribution reach and Tata brand equity are formidable moats, any slowdown in Sampann's volume growth momentum would be a material negative for sentiment.
- **International currency exposure and geopolitical risks:** TCPL's international revenues (~27% of consolidated) are exposed to GBP/EUR volatility (Tetley UK/Europe), USD movements (Eight O'Clock Coffee, solubles), and transhipment disruptions (Dubai hub for Middle East exports). US tariff policy uncertainty, while not directly impacting TCPL significantly today, creates an uncertain backdrop for international business growth.
- **Integration of newly acquired brands:** Capital Foods and Organic India continue to ramp up slowly since acquisition. While management attributed this to integration complexity and GTM reconfiguration, sustained underperformance in acquired businesses would raise questions about capital allocation discipline and M&A; execution capabilities.

Company Description

Originally incorporated as Tata Tea Limited in 1962, the company was rechristened Tata Consumer Products Ltd (TCPL) in 2020 following the merger of the consumer products business of Tata Chemicals into the entity, marking a strategic pivot from a tea-centric business to a full-spectrum consumer staples platform.

TCPL's product portfolio spans: India Beverages (Tata Tea Gold, Tata Tea Premium, Tetley, Eight O'Clock Coffee, Tata Coffee Grand); India Foods (Tata Salt, Tata Sampann, Tata Soulfull, NourishCo — comprising Himalayan water, Tata Gluco+, Tata Copper+); and the acquired Growth portfolio (Capital Foods' Ching's Secret and Smith & Jones, and Organic India's certified organic and Ayurvedic products). TCPL also operates a Non-Branded business comprising plantation operations in India and tea extraction / unbranded soluble coffee operations in Vietnam. The Tata Group (promoter) holds approximately 33.8% in TCPL.

Financial Statements

Income Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Revenues	**13,783**	**15,206**	**17,618**	**20,290**	**22,570**	**25,348**
Growth (%)	***10.9***	***10.3***	***15.9***	***15.2***	***11.2***	***12.3***
Operating Expenses	11,927	12,922	15,139	17,499	19,252	21,483
EBITDA	**1,856**	**2,284**	**2,479**	**2,792**	**3,318**	**3,866**
Growth (%)	***8.0***	***23.0***	***8.5***	***12.6***	***18.8***	***16.5***
EBITDA Margin (%)	***13.5***	***15.0***	***14.1***	***13.8***	***14.7***	***15.3***
Depreciation	304	377	601	627	682	746
Other Income	169	246	193	165	226	253
EBIT	**1,721**	**2,153**	**2,072**	**2,330**	**2,861**	**3,373**
Interest expenses	87	130	290	137	155	141
PBT	**1,794**	**1,696**	**1,777**	**2,173**	**2,706**	**3,232**
Tax	447	395	396	535	682	814
PAT	**1,347**	**1,301**	**1,380**	**1,638**	**2,024**	**2,417**
Share of Asso./Minority Int.	-143	-151	-102	-95	-95	-100
Reported PAT	**1,204**	**1,150**	**1,278**	**1,542**	**1,929**	**2,317**
Adj. PAT	**1,044**	**1,477**	**1,284**	**1,562**	**1,929**	**2,317**
Growth (%)	**6**	**41**	**-13**	**22**	**23**	**20**
EPS	11.3	15.7	13.1	15.8	19.5	23.4

Balance Sheet

Particulars (in Rs Cr) - As at March	FY23	FY24	FY25	FY26	FY27E	FY28E
SOURCE OF FUNDS						
Share Capital	93	95	99	99	99	99
Reserves	16,184	15,962	19,902	21,689	22,554	23,610
Shareholders' Funds	**16,277**	**16,057**	**20,001**	**21,788**	**22,653**	**23,709**
Minority Interest	850	1,379	1,389	1,401	1,401	1,401
Total Debt	1,600	3,477	2,393	2,820	2,820	2,820
Other Non-Curr. Liab	328	1,971	1,895	1,575	1,777	1,978
Net Deferred Taxes	863	1,795	2,187	2,199	2,199	2,199
Total Sources of Funds	**19,918**	**24,679**	**27,865**	**29,783**	**30,850**	**32,107**
APPLICATION OF FUNDS						
Net Block & Goodwill	12,855	19,143	21,263	21,805	21,623	21,377
CWIP	295	190	218	481	481	481
Investments	1,648	1,085	1,182	1,656	1,656	1,656
Other Non-Curr. Assets	459	415	637	1,061	1,181	1,326
Total Non-Current Assets	**15,257**	**20,833**	**23,300**	**25,004**	**24,941**	**24,840**
Inventories	2,702	2,769	3,600	3,527	3,586	4,011
Debtors	798	897	870	1,148	1,237	1,389
Cash & Equivalents	1,540	2,320	2,726	3,047	4,373	5,524
Other Current Assets	2,514	1,202	1,482	1,727	1,921	2,158
Total Current Assets	**7,554**	**7,188**	**8,677**	**9,449**	**11,117**	**13,082**
Creditors	2,348	2,707	3,508	3,875	4,304	4,813
Other Current Liab & Provisions	545	635	604	795	905	1,002
Total Current Liabilities	**2,893**	**3,342**	**4,113**	**4,670**	**5,209**	**5,814**
Net Current Assets	4,661	3,846	4,565	4,779	5,909	7,267
Total Application of Funds	**19,918**	**24,679**	**27,865**	**29,783**	**30,850**	**32,107**

Cash Flow Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Reported PBT	1,794	1,696	1,777	2,173	2,611	3,132
Non-operating & EO items	-309	120	-154	-97	33	41
Interest Expenses	87	130	290	137	155	141
Depreciation	304	377	601	627	682	746
Working Capital Change	-25	11	5	145	245	-191
Tax Paid	-389	-398	-462	-563	-682	-814
OPERATING CASH FLOW (a)	**1,461**	**1,937**	**2,057**	**2,422**	**3,045**	**3,054**
Capex	-140	-310	-414	-406	-500	-500
Free Cash Flow	1,321	1,626	1,643	2,016	2,545	2,554
Investments	-517	2,068	-124	-1,071	0	0
Non-operating income	-170	-3,689	-1,816	79	0	0
INVESTING CASH FLOW (b)	**-828**	**-1,931**	**-2,354**	**-1,398**	**-500**	**-500**
Debt Issuance / (Repaid)	-59	1,183	-1,526	-144	0	0
Interest Expenses	-82	-118	-261	-112	-155	-141
FCFE	492	1,070	-2,083	769	2,390	2,413
Share Capital Issuance	0	0	2,981	0	0	0
Dividend	-573	-809	-741	-820	-1,064	-1,262
Others	0	0	0	0	0	0
FINANCING CASH FLOW (c)	**-714**	**256**	**453**	**-1,075**	**-1,219**	**-1,403**
NET CASH FLOW (a+b+c)	**-81**	**261**	**156**	**-52**	**1,326**	**1,151**

Key Ratios

Particulars	FY23	FY24	FY25	FY26	FY27E	FY28E
Profitability Ratios (%)						
EBITDA Margin	13.5	15.0	14.1	13.8	14.7	15.3
EBIT Margin	12.5	14.2	11.8	11.5	12.7	13.3
APAT Margin	7.6	9.7	7.3	7.7	8.5	9.1
RoE	6.6	9.1	7.1	7.5	8.7	10.0
RoCE	10.0	11.5	9.9	9.9	11.4	13.0
Solvency Ratio (x)						
Net Debt/EBITDA	0.0	0.5	-0.1	-0.1	-0.5	-0.7
Net D/E	0.0	0.1	0.0	0.0	-0.1	-0.1
PER SHARE DATA (Rs)						
EPS	11.3	15.7	13.1	15.8	19.5	23.4
CEPS	14.6	19.7	19.2	22.1	26.4	31.0
BV	176.0	170.2	204.3	220.2	228.9	239.6
Dividend	8.5	7.8	8.3	10.0	10.8	12.8
Turnover Ratios (days)						
Debtor days	22	20	18	18	19	19
Inventory days	66	66	66	64	58	55
Creditors days	56	61	64	66	66	66
Valuation (X)						
P/E	109.3	78.8	94.1	78.2	63.3	52.7
P/BV	7.0	7.3	6.0	5.6	5.4	5.2
EV/EBITDA	64.7	53.3	48.5	42.9	35.7	30.3
EV / Revenues	8.7	8.0	6.8	5.9	5.2	4.6
Dividend Yield (%)	0.7	0.6	0.7	0.8	0.9	1.0
Dividend Payout (%)	74.8	49.5	62.9	63.3	55.1	54.4

(Source: Company, HDFC sec.)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Disclosure:

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