TATA CONSUMER PRODUCTS

COMPANY UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	1,083
12 month price target (INR)	1,335
52 Week High/Low	1,247/883
Market cap (INR bn/USD bn)	1,072/12.5
Free float (%)	65.7
Avg. daily value traded (INR mn)	1,775.2

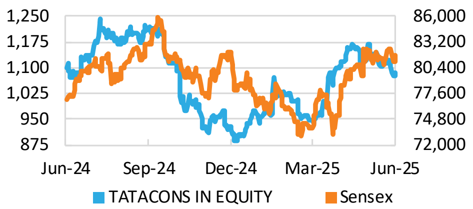
SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	33.8%	33.8%	33.8%
FII	31.5%	23.2%	24.4%
DII	22.0%	19.5%	18.7%
Pledge	0%	0%	0%

FINANCIALS (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	1,52,059	1,76,183	1,96,281	2,16,710
EBITDA	22,841	24,794	28,264	31,856
Adjusted profit	15,424	12,922	17,793	21,471
Diluted EPS (INR)	16.2	13.1	18.0	21.7
EPS growth (%)	29.6	(19.3)	37.7	20.7
RoAE (%)	9.3	6.7	8.2	9.4
P/E (x)	66.4	82.3	59.8	49.5
EV/EBITDA (x)	49.9	45.4	39.6	34.9
Dividend yield (%)	0.8	0.5	0.7	0.9

PRICE PERFORMANCE



Annual Report Insights: FY25

Tata Consumer Products (TCPL) turned in a strong FY25 performance. Its growth businesses now contribute 28% to overall business (up from 18% in FY24). For FY25, Soulfull and Sampann were the outperformers, surging 32% and 29%, respectively. In its first full year of consolidation, Capital Foods racked up 23% LFL growth while Organic India at 12% LFL relatively underperformed. Non-branded business grew 21% aided by the strong showing in Plantations (up 47%). International revenues increased 5% in cc terms during the year.

In TCPL's core business, Salt served up decent 8% growth in FY25 while the Tea business underperformed, inching up 3%. Reiterate 'BUY' with an SotP-based TP of INR1,335.

Working capital and return ratios: Key trends

For FY25, net working capital for the India business turned negative. The cash conversion cycle (CCC) improved to 21 days in FY25 from 29 days in FY24. We reckon consolidated RoE edged down 40bp to 6.6% in FY25 (down 87bp in FY24), whereas consolidated RoCE fell 162bp to 9.5% in FY25 (improved 130bp in FY24).

Growth businesses: Leading the way

Growth businesses' revenue of INR32bn (28% salience versus 18% in FY24) surged 76% (18% LFL) in FY25. Gross sales of Besan touched ~INR1bn. Dry fruits revenue touched INR1bn. Tata Simply Better's cold press oils' revenue aggregated INR750mn. Tata Soulfull's reach extended to 0.6mn outlets, which is ~2x versus a year ago. Tata Copper Plus revenue expanded 18% while Himalayan grew 10% during FY25.

Core business: Salt does better; Tea soft

The Core portfolio (Tea and Salt) grew 5% in FY25 (6% in FY24) led by salt, whose revenue rose 8% (9% in FY24), translating to a four-year CAGR of 15% for salt. The Tea business posted modest growth with revenue up 3% and volumes inching up 1%. **Value-added salts burgeoned 31% and now contribute 8% to the overall Salt** business. Rock salt volumes surged 57%. Coffee revenue spiked 33%. Tata Coffee crossed INR1bn in gross revenue, brewing strong growth of 33% YoY.

Non-branded business: A strong year nurtured by Plantations

The non-branded business expanded 21% (20% in cc) in FY25 driven by the Plantations business, up 47% aided by higher realisation and volume growth. The Solubles business grew 12% led by both Coffee and Tea. Unprecedented price increases in coffee drove growth in the Coffee Solubles business in both Domestic and Vietnam markets, though partially offset by contraction in demand.

International business growth: Going steady

International revenue increased 5% in cc terms. UK tea volumes were flat; however, TCPL became the number 2 player in Branded Tea in the UK with a market share of 16.5%. TCPL retained its number 1 position in tea in Canada while coffee volumes in the US grew 3% offset by lower tea volumes.

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Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	1,52,059	1,76,183	1,96,281	2,16,710
Gross profit	66,419	75,490	85,578	95,136
Employee costs	12,586	14,301	16,095	17,770
Other expenses	21,216	24,837	27,479	30,339
EBITDA	22,841	24,794	28,264	31,856
Depreciation	3,772	6,007	5,534	5,406
Less: Interest expense	1,298	2,902	1,954	1,009
Add: Other income	2,456	1,933	2,272	2,293
Profit before tax	16,101	16,833	22,749	27,434
Prov for tax	3,947	3,962	4,955	5,963
Less: Other adj	0	0	0	0
Reported profit	12,154	12,871	17,793	21,471
Less: Excp.item (net)	(3,270)	(51)	0	0
Adjusted profit	15,424	12,922	17,793	21,471
Diluted shares o/s	953	990	990	990
Adjusted diluted EPS	16.2	13.1	18.0	21.7
DPS (INR)	8.2	5.8	8.0	9.7
Tax rate (%)	23.3	22.3	21.5	21.5

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	953	990	990	990
Reserves	1,59,615	1,99,021	2,09,053	2,21,107
Shareholders funds	1,60,568	2,00,011	2,10,042	2,22,096
Minority interest	13,793	13,892	13,992	14,092
Borrowings	29,539	18,487	14,074	9,662
Trade payables	27,072	35,084	31,846	34,973
Other liabs & prov	24,936	28,621	28,621	28,621
Total liabilities	2,80,209	3,19,777	3,22,257	3,33,126
Net block	26,978	27,878	32,925	38,106
Intangible assets	1,66,783	1,87,003	1,84,673	1,82,335
Capital WIP	1,714	2,068	2,068	2,068
Total fixed assets	1,95,475	2,16,949	2,19,665	2,22,509
Non current inv	6,319	6,765	6,765	6,765
Cash/cash equivalent	26,931	31,101	31,445	35,074
Sundry debtors	8,968	8,698	10,755	11,874
Loans & advances	4,843	6,601	6,601	6,601
Other assets	34,946	44,767	42,130	45,407
Total assets	2,80,209	3,19,777	3,22,257	3,33,126

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Gross margin (%)	43.7	42.8	43.6	43.9
Staff cost (% of rev)	8.3	8.1	8.2	8.2
A&P as % of sales	6.4	6.6	7.0	7.0
EBITDA margin (%)	15.0	14.1	14.4	14.7
Net profit margin (%)	10.1	7.3	9.1	9.9
Revenue growth (% YoY)	10.5	16.0	11.4	10.4
EBITDA growth (% YoY)	23.0	8.5	14.0	12.7
Adj. profit growth (%)	32.9	(16.2)	37.7	20.7

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	12,154	12,871	17,793	21,471
Add: Depreciation	3,772	6,007	5,534	5,406
Interest (net of tax)	1,298	2,902	1,954	1,009
Others	6,008	3,356	2,984	3,970
Less: Changes in WC	114	48	(2,659)	(1,268)
Operating cash flow	19,367	20,567	20,650	24,625
Less: Capex	(3,102)	(4,141)	(8,250)	(8,250)
Free cash flow	16,265	16,425	12,400	16,375

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	7.0	7.0	7.0	7.0
Repo rate (%)	5.3	5.3	5.3	5.3
USD/INR (average)	71.0	71.0	71.0	71.0
India bev growth (%)	7.2	10.3	2.9	9.9
India food growth (%)	17.7	29.1	31.2	15.0
Int biz growth (%)	9.4	15.9	(7.7)	4.8
COGS % of consol rev	56.3	57.2	56.4	56.1
Other exp (% of rev)	14.0	14.1	14.0	14.0
Yield on cash	7.4	5.1	6.0	6.0

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	9.3	6.7	8.2	9.4
RoCE (%)	11.1	9.5	10.6	11.9
Inventory days	117	115	110	110
Receivable days	20	18	20	20
Payable days	108	113	105	105
Working cap (% sales)	8.8	9.6	10.0	9.6
Gross debt/equity (x)	0.2	0.1	0.1	0
Net debt/equity (x)	0	(0.1)	(0.1)	(0.1)
Interest coverage (x)	14.7	6.5	11.6	26.2

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	66.4	82.3	59.8	49.5
Price/BV (x)	6.4	5.3	5.1	4.8
EV/EBITDA (x)	49.9	45.4	39.6	34.9
Dividend yield (%)	0.8	0.5	0.7	0.9

Source: Company and Nuvama estimates

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	29.6	(19.3)	37.7	20.7
RoE (%)	9.3	6.7	8.2	9.4
EBITDA growth (%)	23.0	8.5	14.0	12.7
Payout ratio (%)	64.6	44.9	44.7	44.8

FY25 annual report: Takeaways

Key financial and operational highlights

- Revenue increased 16% (15% in cc) while EBITDA grew 8%.
- India business revenue grew 15% and International revenue rose 16%.
- Core portfolio (primarily Tea and Salt) expanded 5% led by both pricing and volume. Salt revenue increased 8% and salt volumes moved up 4%.
- Growth businesses surged 76% (18% LFL) on the back of distribution expansion and inclusion of Capital Foods and Organic India. Growth businesses' contribution to India business now stands at 28% (18% in FY24).
- Non-branded revenue increased 21% (20% in CC).
- Tata Starbucks added 58 net new stores, taking the total to 479. It maintains its target of expanding the network to 1,000 stores by FY28E.
- We reckon consolidated RoE edged down 40bp to 6.6% in FY25 (down 87bp in FY24), whereas RoCE fell 162bp to 9.5% in FY25 (improved 130bp in FY24).
- The company reported an improvement in the cash conversion cycle, which reduced to 21 days in FY25 from 29 days in FY24. For FY25, net working capital for the India business turned negative.

FY25 highlights by segment

India business

- Revenue increased 15% led by a strong performance in India Foods, which surged 29%, and India Beverages, up 10%.
- **For FY25, Net Working Capital for the India business turned negative.**
- Growth business's share increased from 18% in FY24 to 28% in FY25 aided by the Capital Foods and Organic India acquisitions.
- Total distribution network with direct reach expanded to about 2mn outlets with a total reach of ~ 4.4mn outlets.
- The company grew its market share in the Salt category, although Tea turned in a subdued performance owing to demand softness.

India Foods

In FY25, India Foods revenue increased 29%.

Salt

- Revenue grew 8%. Volumes rose 4%.
- 30bp market share gain to 37.2%.
- 31% revenue growth in value-added salts.
- 57% volume growth in rock salt.
- Himalayan Rock Salt revenue crossed INR1bn and remains one of the fastest-growing products.

- The Indian Packaged Powdered salt market, currently estimated at 3.6mn tons by volume is demonstrating robust value growth, registering an uptick of 6.9%.
- The company is driving premiumisation and market expansion by offering a diverse range of value-added salt variants such as Tata Salt Lite, Super Lite and Immuno while also upgrading consumers to options such as I-Shakti, Shuddh and Crystal to broaden its reach beyond traditional segments.

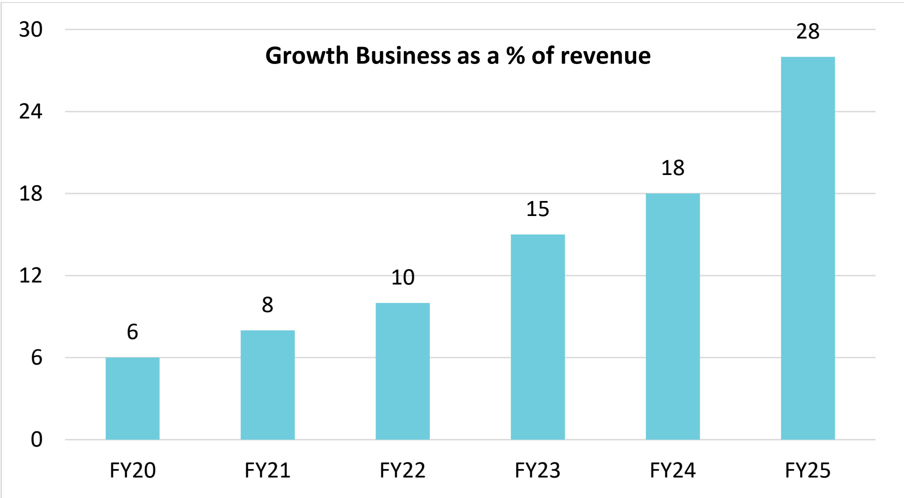
Tata Sampann

- Revenue growth maintained its strong trajectory and expanded 29%.
- Gross sales for Besan reached ~INR1bn.
- Dry fruits revenue- INR1bn Tata Simply Better's cold press oils revenue- INR750mn.
- New launches in cold pressed oils to cater to demand for healthier cooking oils.
- 5-year revenue CAGR – 31%.
- The Indian pulses market, with its massive size estimated to be larger than INR1.7tn, is largely fragmented and dominated by loose dals.
- Similarly, the Indian spices market, valued at ~INR670bn, presents a substantial opportunity for branded players, as the organised segment currently constitutes less than 50%.
- The Indian dry fruits market, valued at approximately ~INR200bn, offers a significant opportunity for branded players.
- Launches during the year: *Premium dry fruits range*, *Easy Cook Ragi Atta*, *Cold-pressed Sunflower Oil* and *Extra Virgin Olive Oil*, *Kabuli Channa* and whole seeds.

Tata Soulfull

- Revenue surged 32% led by Muesli, Snacks and Oats.
- Launches during the quarter: *Masala Muesli, Corn Flakes+, Masala Oats+ Dal Shakti, No maida Rusk* and *Ragi Bites Wafers.*
- Outlets reached (0.6mn) are now ~2x versus a year ago.

Exhibit 1: Growth business as a % of revenue



Source: Company, Nuvama Research

India Beverages

In FY25, India Beverages revenue increased 10%.

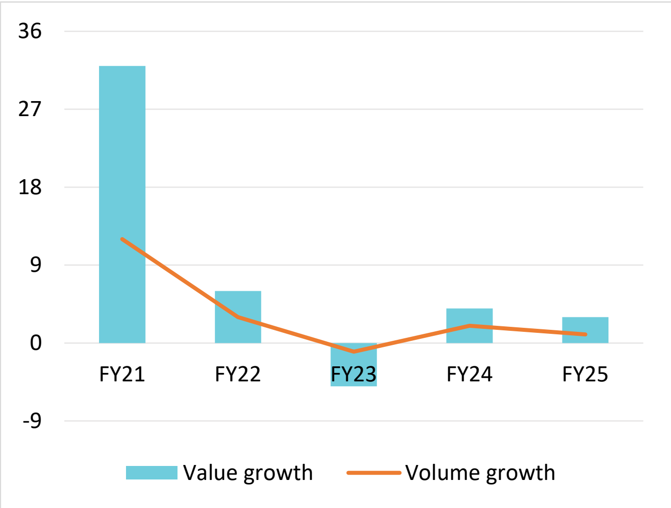
Tea

- Net revenue increased 3% in FY25; volumes rose 1%.
- Tata Tea has retained its market leadership in E-commerce for three consecutive years.
- The Packaged Indian Tea Industry demonstrated a sustained positive trajectory, growing at 3.3% to ~INR23.5bn in size (Nielsen).
- The packaged segment has grown faster than the loose tea market. Concurrently, a discernible trend towards premiumisation was observed.
- Tetley expanded its footprint with an affordable INR2 sachet of Instant Green Tea Ready Mix in select tier-2 towns.

Coffee

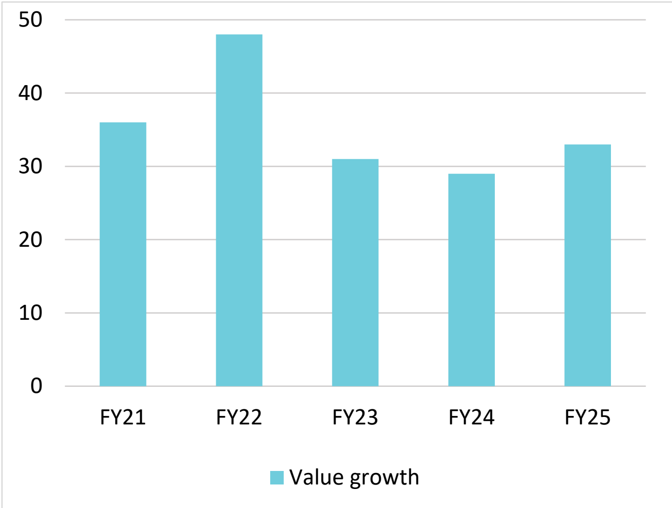
- Tata Coffee crossed the INR1bn in gross revenue, marking 33% growth in FY25.
- The Indian Coffee Industry is exhibiting a more accelerated growth rate with an impressive CAGR of 10–12%.

Exhibit 2: Tea: Volume versus value growth



Source: Company, Nuvama Research

Exhibit 3: Coffee: Value growth



Source: Company, Nuvama Research

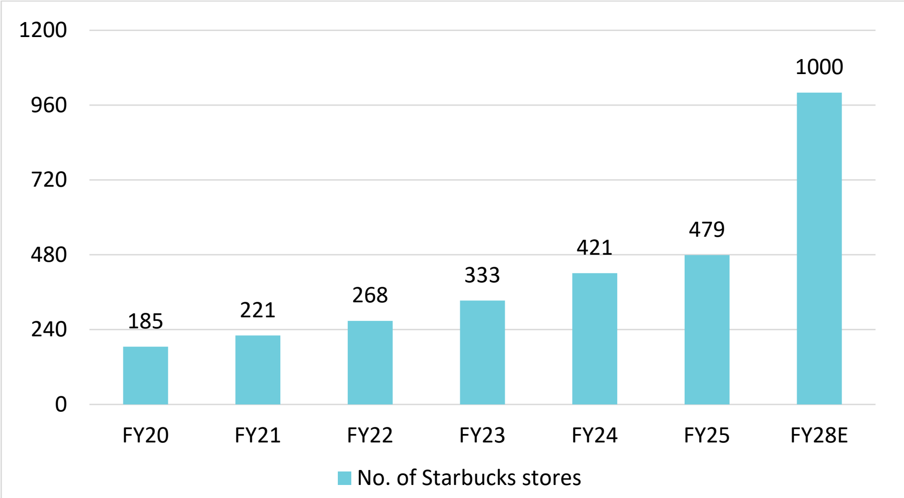
RTD

- Revenue inched up 2% due to unfavourable weather and competitive pricing actions.
- Tata Copper revenue expanded 18%; Himalayan revenue grew 10%.
- **To counter competitive pricing (in our view, led by Campa Cola), Tata Gluco Plus's pricing was reset, which has shown encouraging results.**

Tata Starbucks

- Revenue of INR13bn grew 5% in FY25.
- 58 new stores were opened and 18 new cities were entered into.
- 479 Tata Starbucks stores across 80 cities in India (In FY24, 421 stores across 61 cities in India).
- Guidance: 1,000 stores by FY28E.

Exhibit 4: Starbucks stores



Source: Company, Nuvama Research

International Business

- International revenue grew 5% in cc terms.
- EBITDA margin at 16.5% ahead of the consolidated EBITDA margin of 14.1%.

UK

- Revenue grew 3% CC led by pricing growth in Tea.
- Volumes were flat.
- Tata Consumer became the number 2 branded tea player (number 4 in FY24) with a market share of 16.5%.

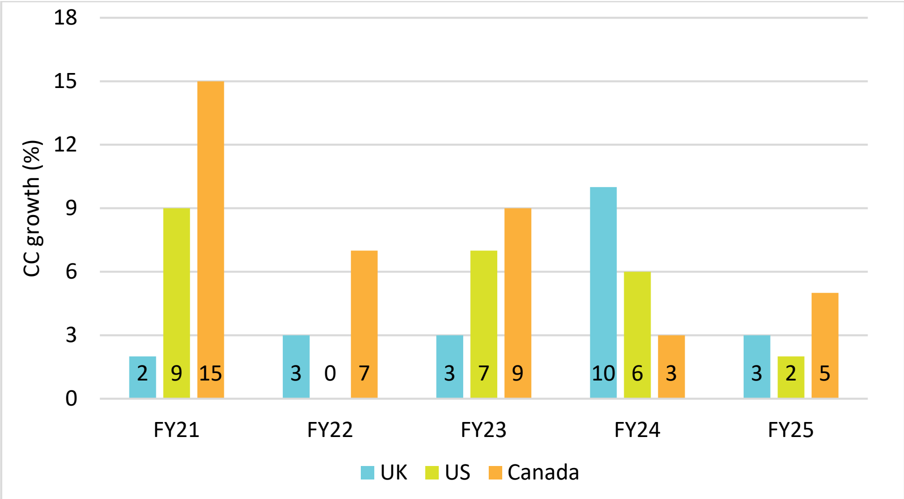
US

- Revenue grew 2% CC in FY25.
- Coffee volumes rose 3% offset by lower tea volumes.
- Market share in Coffee remained flat.
- With coffee prices at an all-time high, its impact will be seen in FY26.

Canada

- Revenue grew 5% CC in FY25 driven by both volume and price increases.
- Retained the number 1 position in the Canadian tea market.
- In FY24, the focus was on specialty teas to drive premiumisation.

Exhibit 5: CC growth trajectory (%)

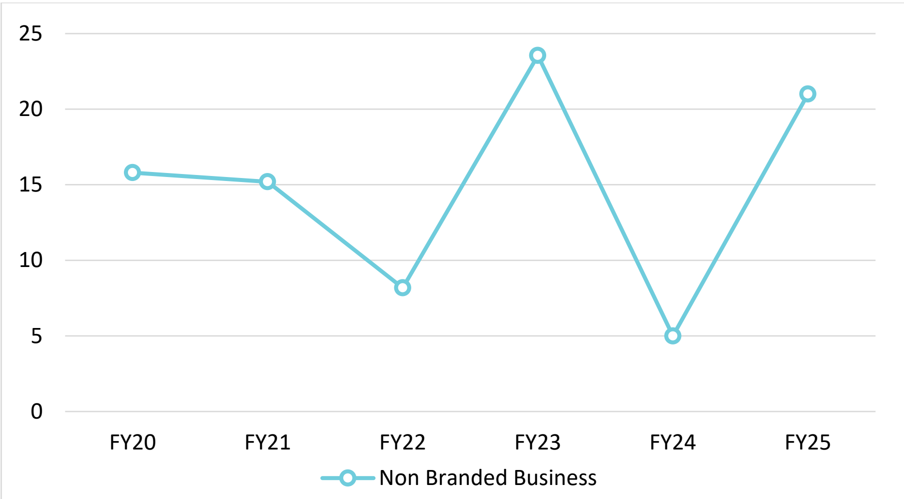


Source: Company, Nuvama Research

Other International

- **South Africa:** substantial improvement in revenue and profitability.
- **Europe:** improved performance led by Poland.
- **Australia:** Revenue growth due to higher volumes, but margins stayed under pressure.

Exhibit 6: Non-branded business growth trajectory



Source: Company, Nuvama Research

Capital Foods

- Revenue of INR8bn shot up 23% LFL aided by both domestic and international markets.
- 200 sales reps currently to improve retail execution and on-ground presence.
- Furthermore, development of the Food Services channel will contribute to a stronger run rate and deeper engagement with commercial kitchens and institutional buyers.

Exhibit 7: Portfolio expansion into white spaces

Source: Company, Nuvama Research

Exhibit 8: Capital Foods — Financial snapshot (INR mn)

Particulars	FY25	FY24	% change
Revenue from Operations	7,444	6,774	9.9
Cost of Goods Sold	3,697	3,132	18.1
Gross Profit	3,746	3,642	2.9
Staff Cost	321	1,097	-70.7
Other Expenses	1,746	1,975	-11.6
Total Expenses excluding COGS	2,067	3,072	-32.7
EBITDA	1,679	570	194.4
Depreciation & Amortisation	120	139	-13.7
EBIT	1,559	431	261.7
Interest expenses	2	8	-77.4
Other Income	141	152	-7.8
PBT before exceptionals	1,698	575	195.1
Exceptional Item	88	-	
PBT	1,610	575	179.8
Tax Expense	420	171	145.6
PAT	1,190	404	194.3
No. of Shares	3.5	3.5	
EPS	340.4	115.6	194.6
As a % of revenue			
COGS	49.7	46.2	344
Staff cost	4.3	16.2	-1188
Other expenses	23.5	29.2	-570
EBITDA	22.6	8.4	1414
EBIT	20.9	6.4	1458
PAT	16.0	6.0	1001

Source: Company, Nuvama Research

Organic India

- Revenue of INR3.8bn grew 12% LFL.
- Organic India’s “Supplements category” is well suited for the pharma channel. The company is in the process of building up the Pharma channel, which shall lead to deeper market penetration.
- Organic India has strengthened its presence with e-commerce activations in the USA and through expansion into direct-to-consumer (D2C) channels.

Exhibit 9: Organic India – Financial snapshot

Company	Organic India Pvt Ltd (INR mn)			Organic India USA LLC (000's USD)		
Particulars	**FY25**	**FY24**	**YoY change (%)**	**FY25**	**FY24**	**YoY change (%)**
Revenue from Operations	2,808	2,749	2.1	18,462	16,331	13.1
Cost of Goods Sold	1,380	1,314	5.0	10,278	8,668	18.6
Gross Profit	1,427	1,435	-0.5	8,184	7,663	6.8
Staff Cost	484	420	15.5	2,661	2,658	0.1
Other Expenses	721	812	-11.2	5,184	5,176	0.2
Total Expenses excluding COGS	1,206	1,232	-2.1	7,845	7,834	0.1
EBITDA	222	203	9.1	339	-171	NM
Depreciation & Amortisation	127	124	2.5	141	119	19.3
EBIT	94	79	19.5	198	-290	NM
Interest expenses	76	95	-19.9	234	310	-24.5
Other Income	26	62	-59.1	5	137	-96.7
PBT before exceptionals	44	46	-5.5	-32	-463	NM
Exceptional Item	-53	16		-	-	
PBT	-9	62	NM	-32	-463	NM
Tax Expense	-10	-83	NM	-10	-1	NM
PAT	-19	-21	NM	-42	-464	NM
No of Shares	83	83		25	24	
EPS	-0.23	-0.25	NM	-1.71	-19.49	NM
As a % of revenue						
COGS	49.2	47.8	135	55.7	53.1	260
Staff cost	17.3	15.3	199	14.4	16.3	-186
Other expenses	25.7	29.5	-385	28.1	31.7	-362
EBITDA	7.9	7.4	51	1.8	-1.0	NM
EBIT	3.4	2.9	49	1.1	-1.8	NM
PAT	-0.7	-0.8	NM	-0.2	-2.8	NM

Source: Company, Nuvama Research

‘MAVIC’- A new distribution management system

TCPL has implemented ‘MAVIC’, a new Distributor Management System that enhances sales efficiency and market visibility through real-time insights. It has reduced distributor onboarding to 45 minutes and enables new retailers to place orders in under two minutes. Its 100% rollout has been completed across 3,500+ distributors and 10,000+ sub-distributors.

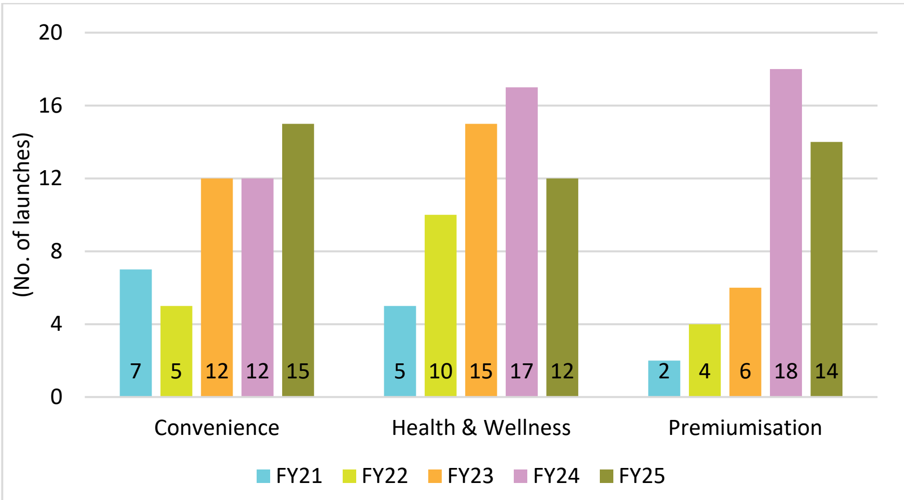
Alternate channels

- Modern Trade grew 18% in FY25 while E-commerce maintained its strong growth trajectory surging 57%.
- Alternate channels now contribute 34% to the India business, a big shift from 25% in FY24.

Exhibit 10: Launches in a snapshot

Source: Company, Nuvama Research

Exhibit 11: Launches by segment



Source: Company, Nuvama Research

Exhibit 12: Key financial ratios

Ratio	Numerator	Denominator	2025	2024	Change
(a) Current Ratio	Current Assets	Current Liabilities	1.54	1.20	28%
(b) Debt-Equity Ratio	Total Debt (Note 1)	Total Equity	0.11	0.20	44%
(c) Debt service coverage ratio	Earnings available for debt service	Debt Service (Note 2)	5.79	6.87	-16%
(d) Return on equity ratio	Profit for the year	Average Total Equity	6.63%	7.03%	-40 bps
(e) Inventory turnover ratio	Revenue from Operations	Average Inventory	5.53	5.56	0%
(f) Trade receivables turnover ratio	Revenue from Operations	Average Trade Receivable	19.95	17.94	11%
(g) Trade payables turnover ratio	Purchases and Other Services	Average Trade Payables	4.66	4.63	-1%
(h) Net capital turnover ratio	Revenue from Operations	Working Capital (Note 4)	5.44	6.06	-10%
(i) Net Profit ratio	Profit for the year	Revenue from Operations	7.31%	7.99%	-68 bps
(j) Return on capital employed	EBIT (Note 3)	Capital Employed (Note 5)	37.54%	43.25%	-571 bps
(k) Return on investment	Earnings from invested funds	Average invested funds in treasury investments	6.40%	6.66%	-26 bps

* Mainly driven by repayment of borrowings availed to fund acquisition.

@ Mainly driven by increase in equity pursuant to issue of shares on rights basis for repayment of acquisition related borrowing.

Note 1: Debt includes lease liability.

Note 2: Debt service = Interest and Lease payments + Principal Repayments

Note 3: EBIT = Profit before exceptional items and tax + Finance costs - Interest and Investment income

Note 4: Working Capital = Current Assets - (Current Liabilities - Current maturities of long term borrowings and lease liabilities- Commercial papers for acquisition funding)

Note 5: Capital Employed = Tangible Net Worth (including Non-current Investments) + Total Debt + Deferred Tax Liabilities+ Purchase commitments for Non-Controlling Interests' shares.

Source: Annual report

Industry overview and outlook

India business

- FMCG sector continues to see significant input cost inflation with the increase in commodity costs affecting overall demand trends.
- Rural demand bounced back in FY25 and outpaced urban consumption growth in recent quarters.

Tea

- The Packaged Indian Tea Industry has sustained growth trajectory, growing at 3.3% YoY to INR235bn in size (Nielsen).
- Structural shifts include the increasing prominence of the packaged tea segment, whose share has been expanding over the last few years.
- The packaged segment has grown faster than the loose tea market.

Coffee

- The Indian coffee industry is expanding at a CAGR of 10–12%.
- The coffee category presents significant potential, indicated by household penetration of 25–30%.
- This dynamic growth is largely attributable to an evolving coffee culture among younger demographics, with organized café chains playing a pivotal role in fostering experimentation via at-home coffee consumption among consumers aged 18–40.

Ready to drink (RTD) beverages

- The RTD segment is witnessing steady growth driven by evolving preferences and lifestyle changes.
- The glucose drinks market is expanding strongly, though it remains largely seasonal in demand.
- The packaged water market continues to be a large and growing opportunity for the company.
- The RTD category is also witnessing changing consumer preferences towards healthier alternatives such as low or no sugar and additives.

Salt

- The Indian Packaged Powdered salt market is estimated at 3.6mn tons by volume, registering growth of 6.9%.
- The industry continues to adopt more value-added, functional and premium products.
- The penetration of packaged rock salt continues to be a strong growth opportunity in the industry.

Pulses

- The pulses market size is estimated to be more than INR1,700bn. It remains fragmented, implying huge potential for penetration of branded products.

- The category is dominated by loose dals, and increasing consumer awareness about health and the importance of protein quality in the diet, all of which are driving growth for branded packaged pulses.

Spices

- The Indian spices market is valued at INR670bn with the organised segment constituting less than 50%.
- The market remains fragmented and consumers have regional preferences.

Indian dry fruits market

- The Indian dry fruits market is valued at ~INR200bn, offering a significant opportunity for branded players as the GT segment is largely unorganised.
- The consumption is projected to increase due to growing health awareness and an expanding middle class.

Desi Chinese

- The in-home consumption of non-Indian cuisines is growing significantly with the Desi Chinese segment projected to expand at a 13% CAGR over 2022 to 2027.
- Categories such as Blended Masalas, Chinese Sauces, Chutneys, Ginger Garlic Paste, and Instant Noodles are expected to grow at twice this rate.
- Key drivers of this growth include an evolving consumer preference for diverse cuisines, increasing adoption in tier-2 and rural markets, heightened focus on home cooking, and increasing frequency of Desi Chinese consumption.

Health supplements

- The health and wellness category is compounding at 11% annually in India and 8% internationally. Despite being a high-growth segment, the market remains highly fragmented.
- Key trends driving this expansion include a growing base of health-conscious consumers, rising awareness of wellness products, and increasing demand for natural and traditional herbal solutions.
- Additionally, the shift toward preventive healthcare coupled with a rise in lifestyle-related ailments and obesity is fuelling the need for comprehensive well-being solutions.

Other takeaways

Total managerial remuneration

- For FY25, Executive Directors received remuneration amounting to 1.23% of the net profit (0.98% in FY24)
- Non-Executive Directors received 0.27% of the net profit (0.27% in FY24).
- The overall managerial remuneration for all Directors was 1.5% (1.37% in FY24).
- During FY25, MD & CEO of the company was granted 49,036 performance share units (PSUs) (63,467 PSUs in FY24) and the Executive Director & COO was granted 8,192 PSUs (10,566 PSUs). Accordingly, a total of 57,228 PSUs were granted to them in FY25.
- For FY25, the company had granted 2,12,351 PSUs (2,64,201 PSUs in FY24).

Exhibit 13: KMP remuneration – Managing and Executive Directors

Rs. in Lakhs

Component	Sunil D'Souza, Managing Director & CEO	Ajit Krishnakumar, Executive Director & COO
Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	946.38	276.06
Allowances and perquisites	319.35	166.18
Contribution to Retiral Funds	35.30	16.00
Total allowance, perquisite and others	**1301.03**	**458.24**
Performance Share units (PSUs)- Granted (Nos)*	49036 PSUs	8192 PSUs
Term of Service Contract	5 years	5 years
Notice period	6 months	6 months
Severance Fees	Not Applicable	Not Applicable

*W.e.f. FY 2021-22, long term incentive relating to the year is compensated through performance share units and accounted as remuneration over the vesting period of 3 years based on performance measures achieved.

Source: Company, Nuvama Research

Exhibit 14: Remuneration of other KMP

Rs. in Lakhs

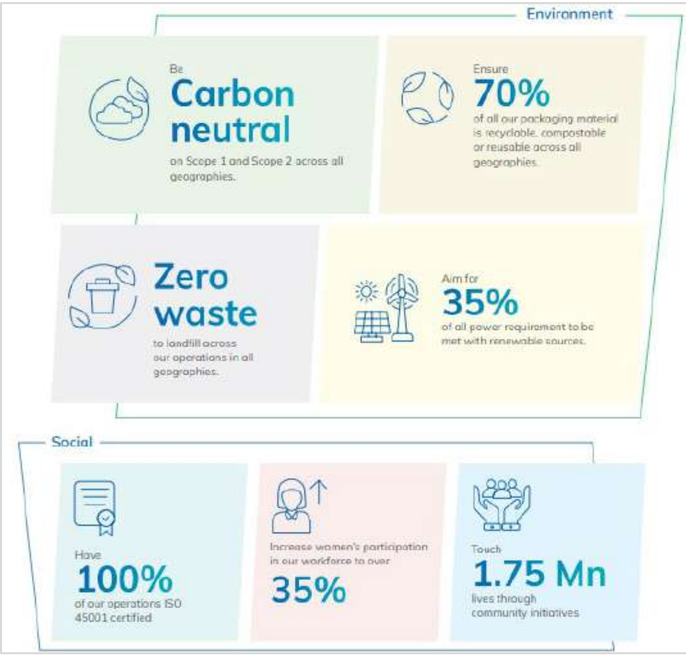
Component	Sivakumar Sivasankaran, Chief Financial Officer	Delnaz D. Harda, Company Secretary (w.e.f. May 2, 2024)
Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	108.18	34.73
Allowances and perquisites	87.93	19.69
Contribution to Retiral Funds	15.69	3.21
Total	**211.80**	**57.63**
Performance Share units (PSUs)- Granted (Nos)*	2708 PSUs	N.A.

*w.e.f. FY 2021-22, long term incentive relating to the year is compensated through performance share units and accounted as remuneration over the vesting period of 3 years based on performance measures achieved.

Source: Company, Nuvama Research

ESG highlights

Exhibit 15: Target for FY26



Source: Company, Nuvama Research

Exhibit 16: FY25 highlights

Source: Company, Nuvama Research

Outlook and valuation

TCPL has two steady-base businesses—Salt and Tea—with market leadership and potential for sustainably high single-digit to low-double-digit growth in revenue. Its newer businesses—Tata Sampann, Tata Soulfull, Capital Foods and Organic India—now contribute 28% to overall revenue and are plays on large categories with huge room for growth. We anticipate the following growth enablers:

- Core businesses—packaged tea and salt—have potential for high single-digit revenue growth on the back of expanded distribution.
- Unorganised to organised shift – This implies scope to gain share from the unorganised market.
- Premiumisation — Participate in and encourage consumer shift towards premium products.

TCPL continues to drive growth via portfolio enhancements, distribution expansion and forays into new product segments. While the Core business remains strong, the Growth business continues to gain higher salience in top line. Retain '**BUY**' with a TP of INR1,335.

Exhibit 17: SotP-based valuation

Segment	Valuation methodology	Multiple (x)	Per Share value (INR)
India business	P/E	60	1,146
International business	P/E	30	127
Starbucks	P/S	5	63
Total equity value			1,335

Source: Company, Nuvama Research

Exhibit 18: Quarterly trends

Particulars	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue (INR Bn)	31.8	33.3	33.6	34.7	36.2	37.4	37.3	38.0	39.3	43.5	42.1	44.4	46.1
EBITDA (INR Bn)	4.4	4.6	4.3	4.5	5.1	5.5	5.4	5.7	6.3	6.8	6.3	5.6	6.2
PAT (INR Bn)	2.4	2.8	2.8	2.9	2.7	3.2	3.5	3.7	4.3	3.1	3.9	2.9	3.1
Volume growth (%)													
India packaged beverages	3	1	(1)	(5)	3	3	3	2	0	0	(4)	7	2
India foods (Like-for-like basis)	NA	(3)	0	4	8	6	6	5	4	10	1	1	6
Overall growth (YoY)													
Net sales	5%	11%	11%	8%	14%	12%	11%	9%	9%	16%	13%	17%	17%
EBITDA	48%	14%	5%	-2%	15%	19%	24%	26%	23%	25%	17%	-1%	-1%
PAT	100%	48%	-2%	3%	16%	15%	27%	30%	57%	-4%	11%	-21%	-29%
Revenue growth (%)													
India packaged beverages (Like-for-like basis)	(1.0)	(4.0)	(2.0)	(5.0)	8.0	10.0	8.0	8.0	3.0	(1.0)	3.0	16.0	9.0
India foods	19.0	19.0	29.0	29.0	26.0	24.0	16.0	13.0	20.0	30.0	28.0	31.0	27.0
India foods (Like-for-like basis)	NA	NA	NA	NA	NA	NA	NA	NA	11.0	14.0	9.0	11.0	17.0
India business	6.1	9.0	9.0	8.0	15.0	15.5	11.0	10.0	10.0	14.0	10.0	19.3	15.0
International business	1.2	8.0	7.0	4.0	6.0	7.0	13.0	11.0	7.0	17.0	18.0	16.0	16.0
Starbucks	32.0	238.0	57.0	42.0	48.0	21.0	14.0	7.0	7.0	4.0	2.0	8.0	6.0
Growth business (Like-for-like basis)	NA	NA	50.0	53.0	53.0	58.0	39.0	42.0	NA	20.0	15.0	14.0	24.0
EBIT margin													
India business	13.2	12.7	14.2	13.9	13.9	13.3	13.8	15.5	12.9	11.6	9.2	7.4	8.2
International business	14.4	12.5	7.1	9.5	12.9	12.9	10.1	10.6	15.6	16.8	15.0	14.0	13.2
No. of stores													
Starbucks	268	275	300	311	333	348	370	392	421	438	457	473	479

Source: Company, Nuvama Research

Company Description

TCPL is among the top ten FMCG companies in India with a portfolio of offerings in foods and beverages. The company owns iconic brands with a strong heritage such as Tata Tea, Tata Salt, Tetley, and Eight O'Clock Coffee, as well as new-age brands such as Tata Sampann, Teapigs, Good Earth, Himalayan Water, Tata Gluco Plus, Tata Soulfull and Tata Sampann Yumside. TCPL also has an equal joint venture with Starbucks (called Tata Starbucks) to own and operate Starbucks cafés in India. It is the second-largest branded tea player globally, houses the largest salt brand in India, and is expanding its portfolio into other product categories such as staples, snacks, ready-to-eat, ready to-cook, and coffee.

Investment Theme

TCPL is a mature—genetically modified— consumer play that unifies the food & beverage interests of the Tata Group. The 'staples-beverage' merger along with change in top management has infused new energy in the company. The new entity boasts a better mix of global and India businesses that are geared for growth and profitability, rendering it a formidable consumer company. TCPL has two steady base businesses in salt and tea, wherein it has market leadership. The newer businesses—pulses and spices—are currently small but are a play on humungous categories that imply great growth potential. The merger has created a robust consumer business platform, which can yield synergistic benefits and readily tap into Tata Sons' online grocery and e-commerce ambitions. Besides, the new MD, Mr. Sunil D'Souza, who comes with vast experience in the consumer goods space, and Tata Group's focus on having a large presence in the consumer goods space imply TCPL has the right ingredients to dish out growth—by exploiting the huge opportunity in the Indian consumer goods sector.

Key Risks

Apart from macroeconomic risks, other risk for TCPL is competition from private label and channel partners in its brand Tata Sampann. In terms of its tea and salt businesses, a rise in competitive intensity could pose a challenge although TCPL has strong market positions in both the categories. That said, we see rising competitive intensity among existing players, either via launches or at price points that could pressure margins in the short term.

Additional Data

Management

CEO	Mr. Sunil D'souza
CFO	Mr. Sivakumar Sivasankaran
COO	Mr. Ajit Krishnakumar
Chairman	Mr. N. Chandrasekaran
Auditor	Deloitte Haskins & Sells LLP

Holdings – Top 10*

	% Holding		% Holding
Life Insurance	8.48	First Sentier I	1.37
Vanguard Group	2.68	Goldman Sachs G	1.28
BlackRock Inc	2.32	Franklin Resour	1.17
Nippon Life Ind	1.56	Republic of Sin	1.17
SBI Funds Manag	1.42	Canara Robeco A	0.98

**Latest public data*

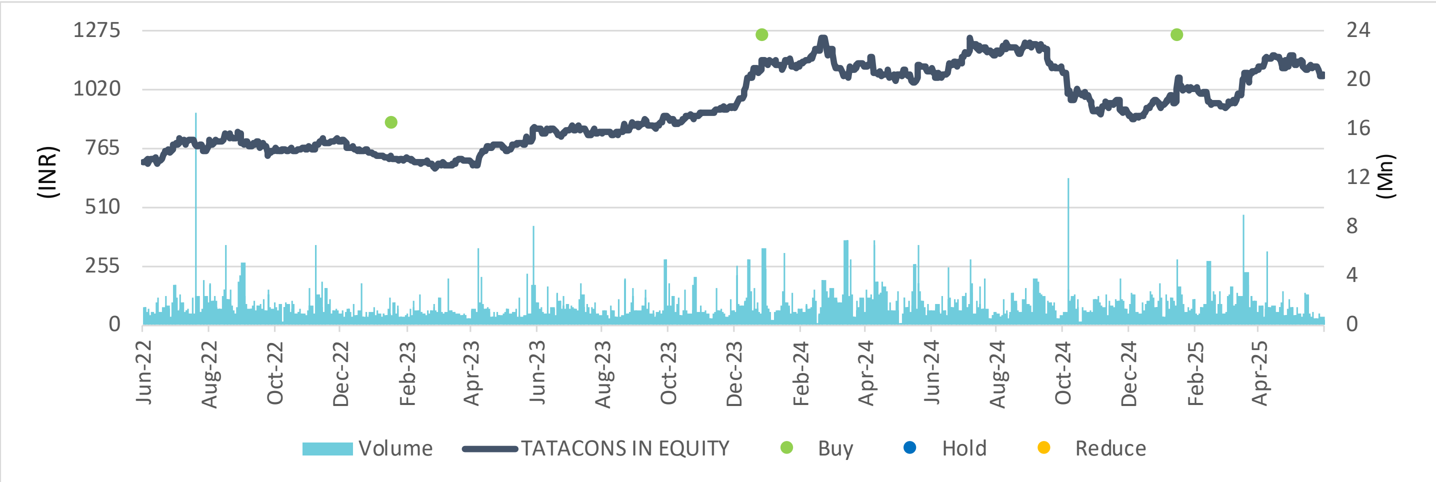
Recent Company Research

Date	Title	Price	Reco
23-Apr-25	India foods, RTD shine; *Result Update*	1,150	Buy
30-Jan-25	Tea costs bite but could ease off; *Result Update*	955	Buy
18-Oct-24	Cola disruption commences; *Result Update*	1,093	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
11-Jun-25	Marico	Exemplar of portfolio transformation; *Visit Note*
22-May-25	ITC	Agri uptick and palm costs key triggers; *Result Update*
22-May-25	Colgate-Palmolive	Glistening recovery prospects in H2FY26; *Result Update*

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	203
Hold	<15% and >-5%	62
Reduce	<-5%	37

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