

# TATA CONSUMER PRODUCTS

## RESULT UPDATE

### KEY DATA

<b>Rating</b>	<b>BUY</b>
Sector relative	Neutral
Price (INR)	1,063
12 month price target (INR)	1,285
52 Week High/Low	1,247/883
Market cap (INR bn/USD bn)	1,051/12.2
Free float (%)	0.0
Avg. daily value traded (INR mn)	1,387.9

### SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	33.84%	33.84%	33.84%
FII	21.96%	21.54%	23.23%
DII	22.02%	21.96%	19.47%
Pledge	0%	0%	0%

### FINANCIALS

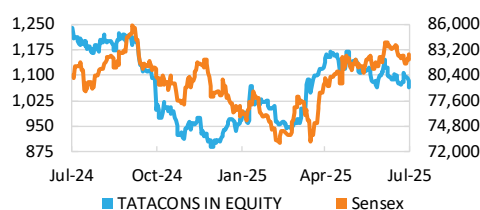
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	1,76,183	1,96,573	2,16,451	2,38,118
EBITDA	24,794	26,931	30,952	35,480
Adjusted profit	12,922	17,002	20,911	24,819
Diluted EPS (INR)	13.1	17.2	21.1	25.1
EPS growth (%)	(19.3)	31.6	23.0	18.7
RoAE (%)	6.7	7.8	9.2	10.3
P/E (x)	81.4	61.9	50.3	42.4
EV/EBITDA (x)	41.9	38.4	33.1	28.6
Dividend yield (%)	0.5	0.7	0.9	1.1

### CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	1,96,573	2,16,451	0.1%	-0.1%
EBITDA	26,931	30,952	-4.7%	-2.8%
Adjusted profit	17,002	20,911	-4.2%	-2.6%
Diluted EPS (INR)	17.2	21.0	-4.2%	-2.6%

### PRICE PERFORMANCE



## Potential lower tea cost could be saviour

Tata Consumer (TCPL) posted Q1FY26 revenue growth of 9.8% YoY, below our estimate. India branded business volume rose 6.8% YoY. EBITDA fell 9.1% YoY due to elevated tea costs and coffee price corrections in the non-branded segment. Gross/EBITDA margin contracted 482bp/263bp YoY. Tea business's revenue/volume rose 12%/1% YoY while Salt's revenue/volume grew 13%/5% YoY. RTD revenue fell 13% YoY due to a weak summer and price corrections taken last year; its volume grew 3% YoY. Capital Foods & Organic India grew ~10% YoY (19% LFL in FY25) affected by transitory issues.

We are marginally cutting FY26E/27E EPS by 4.2%/2.6%, yielding a revised SoTP-based TP of INR1,285 (earlier INR1,335); retain 'BUY'.

### Steady growth across segments but margins under pressure

**What we like:** Indian packaged beverages revenue grew 12% YoY. Coffee revenue/volume shot up 67%/33% YoY. India Foods revenue increased 14% YoY and volume grew 6% YoY. Salt revenue grew 13% YoY with 5% YoY volume growth, achieving its highest ever-quarterly tonnage. Value-added salts' revenue jumped 31% YoY. Tata Sampann expanded 27% YoY. In RTD business, the premium portfolio logged volume growth of 20% YoY. Tata Copper+ revenue grew 11% YoY. E-Com (including Q-Com) burgeoned 61% YoY while MT grew 21% YoY in Q1. Capital Foods and Organic India are expected to grow ~30% YoY in FY26. International business grew 5% in CC terms driven by a strong coffee performance in the USA.

**What we do not like:** EBITDA declined 9.1% YoY, impacted by elevated tea costs and coffee price corrections in the non-branded segment. Tea business volume inched up 1% YoY versus our expectation of 3% YoY. RTD business's revenue fell 13% YoY due to a weak summer and trade price corrections taken last year. On a MAT basis, the Tea and Salt market share by value declined 80bp/40bp in Q1FY26. Capital Foods & Organic India grew 10% YoY (19% LFL in FY25) impacted by transitory issues such as capacity constraints (in noodles) and supply chain bottlenecks. In the UK/Canada, revenue decreased 4%/7% YoY.

**Q1FY26 conference call takeaways:** TCPL expects EBITDA growth to be higher than revenue growth H2FY26 onwards. EBITDA margin to revert to historical levels (14% to 16%) from Q2FY26 due to potential moderation in tea prices. The company expects mid-single-digit volume growth in the tea business, with 6–8% value growth. A&P spends shall rise to 7.5% of revenue in the near term (6.8% of revenue in Q1FY26). RTD business shall deliver 30% growth in top line in FY26E. IMD has forecasted normal rainfall in Northeast, which shall lead to stable crop.

### Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	47,789	43,521	9.8	46,082	3.7
EBITDA	6,069	6,674	(9.1)	6,210	(2.3)
Adjusted Profit	3,342	3,074	8.7	2,995	11.6
Diluted EPS (INR)	3.5	3.2	8.7	3.1	11.6

# TATA CONSUMER PRODUCTS

## Financial Statements

### Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	1,76,183	1,96,573	2,16,451	2,38,118
Gross profit	75,490	84,527	94,156	1,04,058
Employee costs	14,301	15,726	17,316	18,811
Other expenses	24,837	27,520	30,303	33,098
EBITDA	24,794	26,931	30,952	35,480
Depreciation	6,007	5,534	5,406	5,777
Less: Interest expense	2,902	1,628	1,009	634
Add: Other income	1,933	2,272	2,292	2,548
Profit before tax	16,833	21,740	26,679	31,617
Prov for tax	3,962	4,739	5,768	6,798
Less: Other adj	0	0	0	0
Reported profit	12,871	17,002	20,911	24,819
Less: Excp.item (net)	(51)	0	0	0
Adjusted profit	12,922	17,002	20,911	24,819
Diluted shares o/s	990	990	990	990
Adjusted diluted EPS	13.1	17.2	21.1	25.1
DPS (INR)	5.8	7.7	9.5	11.2
Tax rate (%)	22.3	21.5	21.5	21.5

### Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Gross margin (%)	42.8	43.0	43.5	43.7
Staff cost (% of rev)	8.1	8.0	8.0	7.9
A&P as % of sales	6.6	7.3	7.2	7.0
EBITDA margin (%)	14.1	13.7	14.3	14.9
Net profit margin (%)	7.3	8.6	9.7	10.4
Revenue growth (% YoY)	16.0	11.6	10.1	10.0
EBITDA growth (% YoY)	8.5	8.6	14.9	14.6
Adj. profit growth (%)	(16.2)	31.6	23.0	18.7

### Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	7.0	7.0	7.0	7.0
Repo rate (%)	5.3	5.3	5.3	5.3
USD/INR (average)	87.0	89.0	91.0	91.0
India bev growth (%)	10.3	3.6	10.8	9.9
India food growth (%)	29.1	31.5	12.1	13.5
Int biz growth (%)	15.9	(6.3)	6.7	5.3
COGS % of consol rev	57.2	57.0	56.5	56.3
Other exp (% of rev)	14.1	14.0	14.0	13.9
Yield on cash	5.1	6.0	6.0	6.0

### Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	81.4	61.9	50.3	42.4
Price/BV (x)	5.3	5.0	4.8	4.5
EV/EBITDA (x)	41.9	38.4	33.1	28.6
Dividend yield (%)	0.5	0.7	0.9	1.1

Source: Company and Nuvama estimates

### Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	990	990	990	990
Reserves	1,99,021	2,08,617	2,20,213	2,33,809
Shareholders funds	2,00,011	2,09,607	2,21,203	2,34,799
Minority interest	13,892	13,992	14,092	14,192
Borrowings	18,487	14,074	9,662	5,249
Trade payables	35,084	32,233	35,516	39,667
Other liabs & prov	28,621	28,621	28,621	28,621
Total liabilities	3,19,777	3,22,209	3,32,775	3,46,210
Net block	27,878	32,925	38,106	42,924
Intangible assets	1,87,003	1,84,673	1,82,335	1,79,989
Capital WIP	2,068	2,068	2,068	2,068
Total fixed assets	2,16,949	2,19,665	2,22,509	2,24,982
Non current inv	6,765	6,765	6,765	6,765
Cash/cash equivalent	31,101	31,438	35,707	43,441
Sundry debtors	8,698	9,694	10,674	11,090
Loans & advances	6,601	6,601	6,601	6,601
Other assets	44,767	43,149	45,624	48,435
Total assets	3,19,777	3,22,209	3,32,775	3,46,210

### Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	12,871	17,002	20,911	24,819
Add: Depreciation	6,007	5,534	5,406	5,777
Interest (net of tax)	2,902	1,628	1,009	634
Others	3,356	2,767	3,626	4,249
Less: Changes in WC	48	(2,230)	(172)	924
Operating cash flow	20,567	19,962	25,012	29,606
Less: Capex	(4,141)	(8,250)	(8,250)	(8,250)
Free cash flow	16,425	11,712	16,762	21,356

### Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	6.7	7.8	9.2	10.3
RoCE (%)	9.5	10.1	11.5	12.9
Inventory days	115	112	110	108
Receivable days	18	18	18	17
Payable days	113	105	106	108
Working cap (% sales)	9.6	9.7	8.9	7.7
Gross debt/equity (x)	0.1	0.1	0	0
Net debt/equity (x)	(0.1)	(0.1)	(0.1)	(0.2)
Interest coverage (x)	6.5	13.1	25.3	46.9

### Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(19.3)	31.6	23.0	18.7
RoE (%)	6.7	7.8	9.2	10.3
EBITDA growth (%)	8.5	8.6	14.9	14.6
Payout ratio (%)	44.9	44.7	44.8	44.8

# TATA CONSUMER PRODUCTS

## Exhibit 1: Trends at a glance

Particulars	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Revenue (INR Bn)	36.2	37.4	37.3	38.0	39.3	43.5	42.1	44.4	46.1	47.8
EBITDA (INR Bn)	5.1	5.5	5.4	5.7	6.3	6.8	6.3	5.6	6.2	6.1
PAT (INR Bn)	2.7	3.2	3.5	3.7	4.3	3.1	3.9	2.9	3.1	3.3
Volume growth (%)										
India packaged beverages	3	3	3	2	0	0	(4)	7	2	1
India foods (Like-for-like basis)	8	6	6	5	4	10	1	1	6	6
Overall growth (YoY)										
Net sales	14%	12%	11%	9%	9%	16%	13%	17%	17%	10%
EBITDA	15%	19%	24%	26%	23%	25%	17%	-1%	-1%	-11%
PAT	16%	15%	27%	30%	57%	-4%	11%	-21%	-29%	8%
Revenue growth (%)										
India packaged beverages (Like-for-like basis)	8.0	10.0	8.0	8.0	3.0	(1.0)	3.0	9.0	9.0	12.0
India foods	26.0	24.0	16.0	13.0	20.0	30.0	28.0	31.0	27.0	14.0
India foods (Like-for-like basis)	NA	NA	NA	NA	11.0	14.0	9.0	11.0	17.0	NA
India business	15.0	15.5	11.0	10.0	10.0	14.0	10.0	19.3	15.0	11.0
International business	6.0	7.0	13.0	11.0	7.0	17.0	18.0	16.0	2.0	5.0
Starbucks	48.0	21.0	14.0	7.0	7.0	4.0	2.0	8.0	6.0	6.0
Growth business (Like-for-like basis)	53.0	58.0	39.0	42.0	NA	20.0	15.0	14.0	24.0	7.0
EBIT margin										
India business	13.9	13.3	13.8	15.5	12.9	11.6	9.2	7.4	8.2	9.3
International business	12.9	12.9	10.1	10.6	15.6	16.8	15.0	14.0	13.2	13.5
No. of stores										
Starbucks	333	348	370	392	421	438	457	473	479	485

Source: Company, Nuvama Research

## Exhibit 2: CAGR trends

Particulars	Q1FY21	Q1FY22	Q1FY23	Q1FY24	Q1FY25	Q1FY26	3-yr CAGR	4-yr CAGR (%)	5-yr CAGR (%)
Revenue (INR Bn)	27.1	30.1	33.3	37.4	43.5	46.1	11.5	11.2	11.2
EBITDA (INR Bn)	4.8	4.0	4.6	5.5	6.8	6.2	10.7	11.7	5.2
PAT (INR Bn)	2.8	1.9	2.8	3.2	3.1	3.1	3.2	12.9	1.7

Source: Company, Nuvama Research

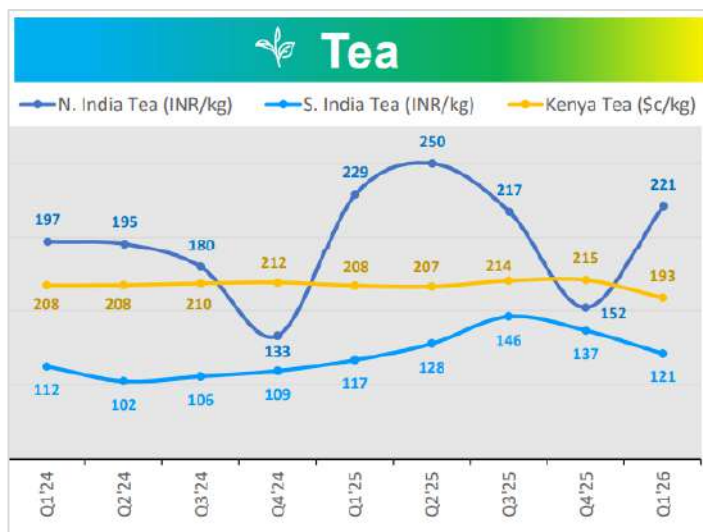
# TATA CONSUMER PRODUCTS

Exhibit 3: Product launches during Q1FY26



Source: Company, Nuvama Research

Exhibit 4: Key commodity trend – Tea



Source: Company, Nuvama Research

Exhibit 5: Key commodity trend – Coffee



Source: Company, Nuvama Research

## Q1FY26 conference call takeaways

### Outlook

- EBITDA growth to be higher than revenue growth H2FY26 onwards.
- EBITDA margins shall revert to historical levels Q2FY26 onwards due to potential moderation in tea prices.
- TCPL expects mid-single-digit volume growth in the tea business, with 6–8% value growth going ahead.
- Aim to increase A&P spends to 7.5% of revenue in the near term (6.8% of revenue in Q1FY26).
- Capital Foods and Organic India to grow 30% YoY in FY26E.
- RTD business to deliver 30% top-line growth in FY26E driven by volume and product launches.
- The company aims to expand its Growth business to 30% of India business (currently at 28% in Q1).
- To expand value-added SKUs of dry fruits (e.g. roasted) to enhance margins.

### Commodity

- Tea prices have corrected ~13% as per latest auction as compared to last year's auction and expect it to trend lower in coming full tea crop season.
- IMD has forecasted normal rainfall in Northeast, leading to stable tea crop season.
- Some tea crop buying has started, but peak prices are yet to come, which are expected in the next 30 days.
- Lower tea costs will lead to higher volume growth.
- Gross margins in the tea portfolio are currently ~10% below historical levels (typical range 34–37%), but it expects normalise Q2FY26 onward.
- To date, the company has passed on ~70% of tea cost inflation to consumers; 30% yet to be recovered.

### India Foods

- Dry Fruits & Cold-Pressed Oil have tracked ARR of INR2bn.
- Top line in dry fruits was initially driven by e-commerce, but now expanding to general trade (GT) and modern trade (MT).

### Ready-to-Drink (RTD)

- There was a price correction in Tata Gluco+ (~50% of portfolio) last year.
- This pricing led to a 13% YoY decline in value, despite 3% YoY volume growth in Q1FY26.
- The price reset is now behind; starting Q2FY26, growth will cycle the lower base, and volume gains will translate to value growth.

- New product launches such as alkaline water, RTD coffee have received a strong initial response.

## **Non-branded business**

- In this business, falling coffee prices have resulted in higher-cost inventory, which is being sold at lower market rates, impacting margins.
- The company expects pricing to stabilise, and believes margins have likely bottomed out. It remains well-hedged and anticipates one more quarter of pressure if current coffee prices remain where they are.

## **Capital Foods & Organic India**

- Combined revenue stood at INR2.6mn with moderate growth due to capacity constraints in noodles, supply chain issues including ingredient procurement problem, inventory imbalances and export bottlenecks due to shipping delays.
- Initially offered multi-packs (4 units) of noodles priced at INR80, while the market leader was offering the same at INR60.
- The company reduced the 4-pack price to INR60 in line with competition.
- Also, launched new INR15 (60g) and INR10 single packs to improve affordability and compete in key price segments.
- However, demand for these new SKUs was underestimated, leading to a rapid stock-out and product shortages.
- Since the acquisition, Capital Foods' distribution reach has doubled (~3,00,000 outlets before acquisition).
- Capital Foods delivered 22% YoY growth and Organic India 32% YoY growth at the secondary sales level (i.e. distributor to retailer).

## **Tata Starbucks**

- Strong growth in April and June; May was impacted by external factors (e.g. operation Sindoor).
- Store expansion and product innovations continued to support volume and mix.

## **Financial highlights**

- Consolidated EBITDA declined 9.1% YoY; two-thirds is attributable to high tea costs and the remaining to coffee price corrections in the non-branded segment.

## **Investor presentation takeaways**

### **India business**

- India business's overall growth is 11% YoY. It saw double-digit volume and value growth in both tea and salt.
- India business EBITDA declined 8% YoY with margin contracting 270bp YoY.
- MAT market share in Salt and Tea fell YoY by 40bp and 80bp, respectively.

### **Indian beverages**

- India beverages' revenue grew 8% YoY in Q1FY26.



## Indian packaged beverages

- The segment clocked 12% YoY revenue growth with 1% YoY volume growth. The growth was broad based across brands/segments.
- Coffee continued its strong trajectory with revenue growth of 67% YoY on the back of 33% YoY growth in volumes.

## India foods

- Revenue grew 14% YoY to INR15.34bn. Volume growth in Q1FY26 stood at 6%.
- Salt market share decreased 40bp YoY. Salt revenue grew 13% YoY with volumes up 5% YoY, achieving its highest ever quarterly tonnage.
- Value-added salts burgeoned 31%.
- Tata Sampann grew 27% YoY; new launches and innovations continue to do well.
- Dry fruits and Cold Pressed Oil continue to build on their growth momentum; now they have an ARR of INR2bn.

## Growth business

- Growth businesses grew 7% on an aggregate basis.
- Growth business as % of India business stood at 28% versus 29% in Q1FY25.

## Ready-to-drink (RTD)

- The RTD business recorded moderate volume growth of 3% YoY impacted by unfavourable weather. Revenues fell 13% YoY driven by trade price corrections undertaken last year.
- The premium portfolio registered healthy volume growth of 20% YoY.
- Tata Copper+ revenue grew 11% YoY.
- The business continues to strengthen its portfolio by entering new segments, formats and occasions, launching eight new products during the quarter.

## Capital Foods and Organic India

- On a combined basis, Capital Foods and Organic India grew 10% YoY in Q1FY26 (including international operations); impacted by transitory issues.
- Capital Foods and Organic India revenue stood at INR1.66bn and INR930mn, respectively.
- Combined gross margin at 50% for Q1FY26 continues to be significantly accretive to base India businesses.
- Organic India's Q1FY26 e-commerce revenue surged ~3.5x YoY.

## Tata Starbucks

- Revenue for the quarter grew 6% YoY.
- It added six net new stores during the quarter, totalling 485 stores in 80 cities.
- Same store sales growth (SSSG) was positive, except during May, when regional geopolitical tensions flared up and impacted store operating hours in certain geographies.
- The Cold Brew category continued to grow, contributing to a larger share of the beverage menu mix.

## International business

- International business sustained momentum with 5% constant-currency revenue growth driven by a strong coffee performance in the USA.
- International business's EBITDA fell 14% CC YoY with margin down 360bp YoY due to lower gross margins.

## UK

- Revenue for the quarter declined 4% as the business cycled a high base.
- Tetley's new TV ad titled 'Britain's tea' was well received by consumers across the board.
- Value market share of Everyday black stood at 19.6%
- Value market share of Fruit & Herbal stood at 9.9%.

## US

- The US coffee business registered 20% YoY growth. Coffee bags' market share stood at 4%.
- Eight O'clock continued to gain market share within bags as well as K-cups.

## Canada

- Revenue for the quarter declined 7% YoY, primarily due to a shift of promotional calendars at key retail partners.
- Tetley continued to retain its market leadership position.

## Non-branded business

- Non-branded business in Q1FY26 grew 6% YoY.
- Non-branded business EBITDA declined 28% YoY in CC, with a 700bp YoY margin contraction driven by lower coffee prices.
- The Solubles business grew 5% YoY while Plantations delivered 11% YoY growth as moderating coffee prices impacted margins.
- As coffee prices come off their record highs, albeit with continued volatility, the non-branded business has responded with prompt agility.
- Profitability for the business was impacted owing to the drop in global coffee prices.

## Channel performance and distribution

- Revenue from E-commerce (including Quick commerce) burgeoned 61% YoY. Overall, modern trade grew 21% YoY.
- In Pharmacies, its distribution expanded to the top 40 cities.
- To date, TCPL has installed 5,000 vending machines. It has a 5% share in the bean-to-cup market.

## Key innovations/launches/re-launches

- Tetley introduced Slim Care and Beauty Care Green Teas, with its disruptive innovation of green teas enriched with L-Carnitine and Biotin, respectively.



- Tata Tea Premium launched a new hyperlocal Northeast pack supported by a targeted digital campaign.
- Tata Tea Chakra Gold Gemini, Telangana's leading tea brand, launched a new Elaichi (cardamom) flavour.

## RM prices movement

- Coffee prices are on a downward trajectory, though ongoing volatility warrants close monitoring. Tea prices remain favourable; however, the outlook remains cautiously optimistic.

## Tea

- North India tea prices are moderately lower vis-a-vis the same period last year as tea crop supply in the region is robust. Prices for July (MTD) are 9% lower YoY.
- South India tea prices continued to soften.
- Kenyan tea prices remain stable.

## Coffee

- Arabica and Robusta prices have moderated significantly; however, they remain volatile.

## Q1FY26 highlights

- Consolidated revenue grew 10% YoY in Q1FY26. India branded business reported 6.8% underlying volume growth.
- Consolidated EBITDA declined 8% YoY due to higher tea costs in India and coffee price corrections in the non-branded segment.
- EBITDA margin at 12.9% fell 250bp YoY, of which 160bp is due to higher tea costs in India.

## Exhibit 6: SotP- based valuation

Segment	Valuation methodology	Multiple (x)	Total value	Per Share value (INR)
India business	P/E	60	10,13,593	1,091
International business	P/E	30	1,22,036	131
Starbucks	P/S	5	58,183	63
Total equity value				1,285

Source: Nuvama Research

# TATA CONSUMER PRODUCTS

**Exhibit 7: Consolidated segment performance (INR mn)**

Year to March	Q1FY26	Q1FY25	% change	Q4FY25	% change
Revenues	44,262	43,396	2.0	46,082	(4.0)
Branded Business	42,709	38,615	10.6	41,304	3.4
India business	31,257	28,151	11.0	29,367	6.4
International business	11,452	10,464	9.4	11,937	(4.1)
Non Branded Business	5,358	5,006	7.0	5,006	7.0
Others and inter-segment sales	(3,805)	(225)	NM	(227)	NM
EBIT	5,094	5,974	(14.7)	5,109	(0.3)
Branded Business	4,448	5,013	(11.3)	3,989	11.5
India business	2,903	3,258	(10.9)	2,416	20.1
International business	1,546	1,755	(12.0)	1,573	(1.7)
Non Branded Business	645	961	(32.8)	1,120	(42.4)
<b>EBIT margins (%)</b>					
Branded Business	10.4	13.0	(257)	9.7	76
India business	9.3	11.6	(228)	8.2	106
International business	13.5	16.8	(328)	13.2	32
Non Branded Business	12.0	19.2	(715)	22.4	-1,032

Source: Company, Nuvama Research

# TATA CONSUMER PRODUCTS

**Exhibit 8: Consolidated financial snapshot (INR mn)**

Year to March	Q1FY26	Q1FY25	% change	Q4FY25	% change
Total Income	47,789	43,521	9.8	46,082	3.7
Cost of goods sold	28,627	23,974	19.4	26,765	7.0
Gross profit	19,162	19,546	(2.0)	19,317	(0.8)
Staff costs	3,856	3,450	11.8	3,436	12.2
Other expenditure	9,236	9,423	(2.0)	9,671	(4.5)
EBITDA	6,069	6,674	(9.1)	6,210	(2.3)
Depreciation	1,489	1,480	0.6	1,531	(2.7)
EBIT	4,580	5,194	(11.8)	4,679	(2.1)
Other income	412	392	5.1	565	(27.1)
Interest and financial charges	338	936	(63.9)	400	(15.6)
PBT	4,654	4,650	0.1	4,844	(3.9)
Provision for taxation	1,190	1,337	(11.0)	1,226	(3.0)
Core Profit	3,464	3,313	4.6	3,618	(4.2)
Exceptional	-	(171)	NM	453	NM
Share of profit in JV & Minority	(123)	(238)	(48.4)	(622)	NM
Reported PAT	3,342	2,903	15.1	3,449	(3.1)
Adjusted PAT	3,342	3,074	8.7	2,995	11.6
Paid up Capital (Re 1 each)	953	953	0.0	953	0.0
EPS	3.5	3.2	8.7	3.1	11.6
as % of net sales					
COGS	59.9	55.1	482	58.1	182
Staff costs	8.1	7.9	14	7.5	61
Other expenditure	19.3	21.7	(232)	21.0	(166)
EBITDA	12.7	15.3	(263)	13.5	(77)
EBIT	9.6	11.9	(235)	10.2	(57)
PBT	9.7	10.7	(94)	10.5	(77)
Net profit	7.2	7.6	(36)	7.9	(60)
Tax rate	25.6	28.8	(319)	25.3	25

Source: Company, Nuvama Research

# TATA CONSUMER PRODUCTS

**Exhibit 9: Standalone financial snapshot (INR mn)**

Particulars	Q1FY26	Q1FY25	YoY % Change	Q4FY25	QoQ % Change
Total income from operations	35,291	32,018	5.2	33,542	10.2
Cost of materials consumed	23,739	20,291	3.5	22,938	17.0
Employee benefits expenses	1,777	1,470	23.3	1,441	20.9
Other expenses	5,752	6,139	(0.3)	5,770	(6.3)
Total expenses	31,267	27,900	12.1	30,149	3.7
EBITDA	4,023	4,118	(2.3)	3,393	18.6
Other income	4,776	111	4,210.0	152	3,039.7
Depreciation and amortisation expense	532	534	(0.4)	552	(3.5)
Finance costs	210	765	(72.6)	207	1.3
PBT	8,057	2,930	175.0	2,786	189.2
Tax expense	917	983	(6.8)	819	12.0
PAT before exceptional	7,140	1,946	266.8	1,967	263.0
Exceptional	-	(96)	NM	802	(100.0)
PAT	7,140	1,850	285.9	2,769	157.8
As % of net sales					
COGS	67.3	68.4	(112)	63.4	389
Advertising & publicity	-	-	-	-	-
Staff costs	5.0	4.3	74	4.6	45
Other expenditure	16.3	17.2	(90)	19.2	(287)
EBITDA	11.4	12.3	(88)	10.6	80
PBT	22.8	8.7	1,409	8.7	1,413
Net profit	20.2	5.8	1,443	6.1	1,409
Tax rate	11.4	33.6	(2,218)	29.4	(1,801)

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	Goldman Sachs G	1.28
Vanguard Group	2.75	Franklin Resour	1.21
BlackRock Inc	2.36	First Sentier I	1.20
Nippon Life Ind	1.55	Republic of Sin	1.17
SBI Funds Manag	1.43	Canara Robeco A	0.96

\*Latest public data

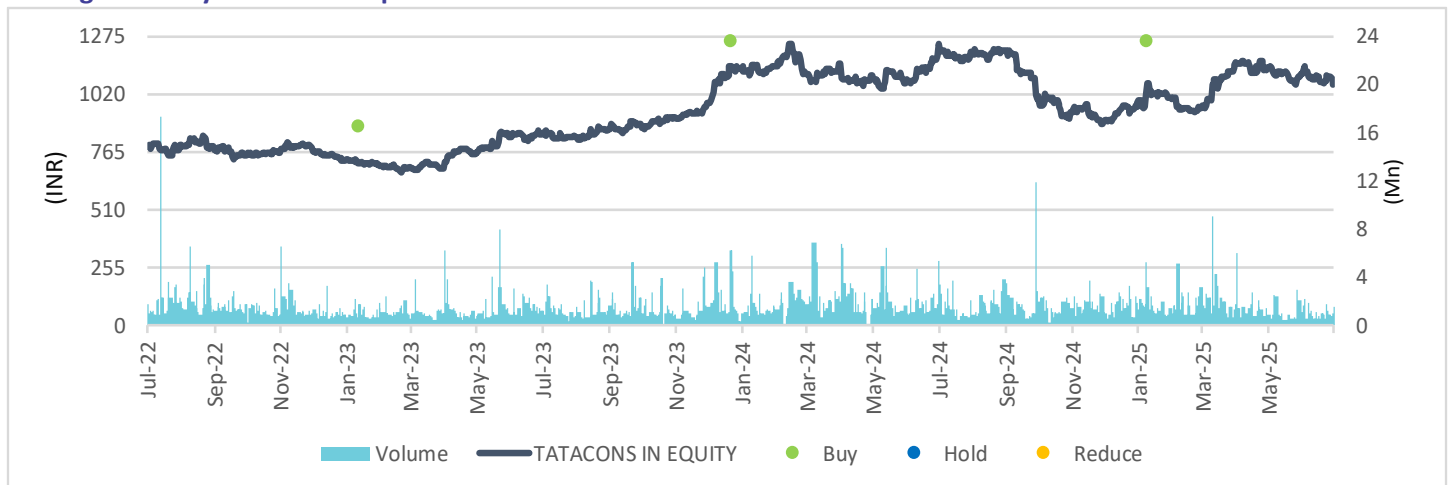
### Recent Company Research

Date	Title	Price	Reco
17-Jun-25	Annual Report Insights: FY25; <i>Company Update</i>	1,072	Buy
23-Apr-25	India foods, RTD shine; <i>Result Update</i>	1,150	Buy
30-Jan-25	Tea costs bite but could ease off; <i>Result Update</i>	956	Buy

### Recent Sector Research

Date	Name of Co./Sector	Title
23-Jul-25	Bikaji Foods	Margins recovery remains on track; <i>Oven fresh</i>
22-Jul-25	Colgate-Palmolive	High promotion and base spoil party; <i>Result Update</i>
15-Jul-25	AWL Agri Business	Weak Q1 but outlook improving; <i>Result Update</i>

### 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%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36



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